



ALLENSQUAKE

Valerie Lawson

If you look at the city of Sydney from the 20th floor of a building at Circular Quay, you see before you a cathedral. This is not the Cathedral of Sydney, but the Cathedral of Alan Bond. We know the building as Chifley Tower, named after the Prime Minister Ben Chifley, but it was built as the Bond building. Bondie was to have a penthouse apartment there, looking over Circular Quay and the great expanse of Sydney Harbour.

The pink building resembles a cathedral with its metres of marble and granite and its slender microwave tower, like a cross pointing upwards, not to God but to Mammon.

The Archbishop, Bondie, is not at home at the top. He said he went broke. Instead, the major tenant of the cathedral is Allen, Allen & Hemsley, the ancient law firm founded by George Allen in Sydney in 1822. From that twentieth floor window at the Quay, Chifley Tower represents one side of an ecclesiastical triangle. The second is formed by the banks. You can see them at night like a row of black robed priests – this support group of office towers bearing the names of our major banks, the ANZ, BT, National and Westpac. The third and final side of the triangle is low rise, representing the crypt, or the place where the sacred ashes are stored.

This third place is right here, on the site of the first Government House, built just 34 years before George Allen, the stepson of a convict, established his law firm in Sydney. George formed links with the banks right from the start when he became the solicitor to the Bank of New South Wales, which over 150 years later, became Westpac. Westpac is still Allens' main client. It is a formidable alliance.

George Allen was also the solicitor who looked after the interests of many pioneer families in Sydney. He was close to the Fairfaxes, Stephens, Knoxes, Windeyers and Streets who still control much of the city. From these pioneer families grew a large part of the power base of Sydney. Their power arose from two pillars, the land and the law.

The men of those families were given large land grants from the governor and went on to build their property holdings with the help of lawyers like George Allen and his sons over four generations. Other pioneer dynasties, like the Windeyers and the Streets, spoke for, and represented the law itself. This geographic triangle – a triangle of power encompassing the law, the banks, and the birthplace of establishment, white Sydney – is the basis for my book *The Allens Affair*.

When I became fascinated by the story of Allens I knew from the beginning I did not want to write only about the law firm Allens, and of Adrian Powles, one of its partners who betrayed his colleagues, but also of the city of Sydney itself, of the change in the nature of the legal profession, of the growth in the corporate law firms that could afford the huge rentals of premises such as Chifley Tower, and of the marriage of money and the law.

The book is also about how lawyers prospered from property – from giving advice, first on real estate itself, then property of all kinds, from land to money, to corporate property and takeover targets, to intellectual property.

Incidentally, a handful of academic papers have been written about the rise of the corporate law firm in Australia but as far as I know, it is an untilled field for books which is one reason I chose to write it, quite apart from the fascination of the story of Powles and his betrayal of his colleagues.

Allens would rather forget the fact that one of its major clients in the 1980s was Bond Corporation, the empire of Alan Bond which collapsed over his unbridled property and takeover ambitions. However the ghost of Bond's ambitions hovers over Chifley Tower. Not only was it designed to be his corporate home but the example of his avarice shone a little too brightly for many acolytes, including Adrian Powles, the former managing partner of Allen, Allen & Hemsley who is the main biographical focus of my book.

Powles wanted to be like Bond, to be a big shot, playing the financial markets like a wizard, a real star of illusion, but unlike Bond, Powles is now in jail, half way through his sentence of two and a half years for fraud. The impact of Powles' downfall on Allen, Allen & Hemsley can be compared to an earthquake shaking the cathedral – all the more shocking because its foundations were establishment ones. It seemed to be so proper, such a safe, and pious place, so much above criticism and so superior to the other cathedrals of commerce nearby.

The Allensquake was not anticipated, but if one read the signs correctly, perhaps it could have been if the lawyers had not been so busy making money for their clients and themselves throughout the 1980s, that decade of succumbing. As one lawyer of the high flying American law firm Skadden Arps said in the early 1980s, "money became the principal tool which kept lawyers on their toes."

In a sense it was every man for himself. The pickings were huge with partners' incomes up above half a million a year. Instead of being merely advisers to their clients, lawyers became players as well. Having seen how much money could be made in property deals, takeovers and tax minimisation, lawyers wanted to play too. Instead of merely advising on tax, they joined tax schemes of their own, like the famous horse breeding syndicates which collapsed a few years ago.

At the beginning of this decade – in 1980 – Adrian Powles was chosen as the first managing partner of Allens. He was considered a great success because he was the first person there who emphasised how important it was to keep track of all the money, where it was, how much each partner was earning or how well he was performing in attracting new business. This in turn, led to the ousting of many low income earners from the firm.

Powles' skill was all the more ironic considering the Law Society of New South Wales almost put Allens in receivership in 1992 after it learned that Powles had been systematically stealing from his clients and disguising the thefts from his partners for a decade. If that is the landscape of my book, the detail is of the story of the merger of two vastly different families, the Powles family and the Allens family. They were like two streams, one sprightly and the other stately, eventually meeting in one big rushing river.

For those who aren't very certain about the story of Adrian Powles, he was a very bright little boy who grew up in a flat over a butcher's shop in Concord in the 1940s. His mother was the butcher and his father a most peculiar man. Just before Adrian was born, his father, Ronnie, staged a mock kidnapping of his other son in order to extract some blackmail from his wealthy in-laws. Ronnie stage managed much of his life in this way. He was also a Bing Crosby impersonator who sang with a band in Manly called "Keith Shelley and his Syncopated Sinners". Keith was the leader of the band and a one arm drummer.

But Ronnie had a dark side too, at one stage being committed to a mental hospital next to Callan Park, an experience his son Adrian was to duplicate when he was admitted to the psychiatric unit of Royal North Shore with the assistance of his partners.

Adrian's father was fascinated by the racetrack and by racing odds. He took his boys to Randwick and parked them at the top of the leger stand while he tried out his racing systems. Adrian knew all about gambling from a very young age. He knew how to work out odds long before he ever properly learned his times tables. In fact he never learned his times tables. He went on to become dux of his primary school and was chosen to go to Homebush High, a selective school. He enrolled in Sydney University Law School and went on to become a solicitor in Allens in 1961. He was so popular there that he became

Managing Partner of the firm in the early 1980s, then in the late 1980s became resident partner of Allen's London office, where he used the name of the firm for irregular purposes.

Unknown to his partners, he helped encourage some companies, governments and individuals to send in very large sums of money to invest in financial deals under the impression that the money would be safe at all times under the care of Powles, and placed in some sort of Allen, Allen & Hemsley account in Westpac in London. This is the subject of three separate investigations in three countries. First, there is a case in the High Court of Britain due to begin early in May. This concerns one of the investors, the government of Nauru, which in 1992 became very concerned about its \$60 million US investment and started asking questions. Nauru and Allens are now in the process of exchanging final documents in last minute preparation for the case.¹ In New York, it's also the subject of cases brought by the US District Attorney General to be heard later this year. And, in Australia, after a three year inquiry, the Victorian Major Fraud Squad has recently sent its brief on this affair to the Victorian Director of Public Prosecutions.

When Adrian Powles' partners discovered what was going on, they brought him back to Sydney and forced him to resign. He then went to the NSW District Court on fraud charges relating to stealing one million dollars from his family and friends before he went to London. I believe his downfall was related to the fundamental changes taking place in the law from the 1960s on. Back in the 1960s when Adrian Powles joined Allens, the firm was under the direction of Sir Norman Cowper, a benevolent senior partner who knew that he had to trawl for talent wherever he could find it and not simply exist on generations of Allens and their peers filling the partners' positions.

Nepotism had been the downfall of other law firms and was still in practice in some firms in Sydney right up to the 1970s. Cowper opened up the firm to a meritocracy of solicitors and partners who still, generally, had good connections but who also had energy and wit and the skill to keep clients happy.

Powles was a beneficiary of that open door policy. He did not come through the usual feeder system to Allens, through Scots, or Cranbrook, or Shore, or Sydney Grammar and then St Pauls College. Despite his intelligence, he could not have joined in the 1930s, or 1940s, under the reign of Arthur Allen, who ruled the firm with Alfred Hemsley from the early 20th Century.

I don't want to give the impression that the Allens were snobs or so deeply involved with the firm that they kept it all to themselves. Like his grandfather, George, and father, Sir George Wigram Allen, Arthur Allen had many more interests than just the law firm. Many of those interests were concerned with building the family fortune and with racing. Arthur was one of the great characters of Sydney, an early

property developer and sub-divider, owner of numerous cars including electric cars called broughams, imported from Chicago, a director of J C Williamsons, owner of the lovely house Merioola in Rosemont Avenue, Woollahra, and a generous host to visiting celebrities like the Prince of Wales and the Ballet Russes de Monte Carlo.

Arthur Allen left the running of his firm to Alfred Hemsley just as Arthur's son, Denis Allen, left the running of the firm to Sir Norman Cowper and Gabriel Reichenbach. Denis and his son David would both rather have been pilots like the present Allen, Tim, who is a Qantas captain and has nothing to do with the firm. In fact there have been no Allens in Allens for nearly a decade.

Despite all the deference to managers, nothing much changed within the firm until we took our lead from America and concentrated on money and ways of maximising profits. The big change came in the years 1968 to 1972 which marked a rough dividing line between the law firm as gentlemen's club and the law firm as hungry meritocracy. Cowper saw it coming.

Sir Norman Cowper was one of the first Australian lawyers to see how American firms increased billable hours and with that realisation of profit possibilities, came the opportunity to trawl in high billing clients, with the rash of joint venture mining deals with American firms like Texas Gulf Sulphur. This all just predated the new takeover age which helped push the growth of the law firm as a supermarket of specialties such as mergers and acquisitions, corporate law, litigation, intellectual property, environmental law and trade practices law. The big boys of the law firms, the real heroes, were the litigators and the partners in mergers and acquisitions. When the takeover boom collapsed, the heroes became the rainmakers brought in from other firms with clients in their hip pockets.

Powles did not fit into any of these 1980s and early 1990s categories. From being the can-do man of the early 1980s, Powles was starting to feel like the has-been man of the late 1980s. As his importance in the firm waned, he became closer and closer to a bunch of weird characters who formed a kind of international financial netherworld. These men, who had nothing to do with Allens, were all chasing mirage money or fantasy funds and were part of the new esoteric boom in the derivatives markets. These mirage money men peddled get rich quick schemes which used Powles as their acceptable face, as a man you could trust with your money.

Powles was addicted to this kind of danger. His partners knew little or nothing of the schemes and did not even know of Powles' great flaw, which was, the lack of a true moral centre combined with the fact that he was a gambler in every sense of the word. Certainly he gambled on horses and greyhounds – and often lost. So he needed the commissions he earned from his role in the schemes to pay for his ever

increasing gambling debts. But he was also a gambler on a much bigger scale. He needed the thrill of participating in the dodgy schemes and of fooling his partners and living so close to the edge. The Barings affair and the Daiwa Bank affair are bigger examples of just the same thrill in which one man could lose billions on what seemed like a roll of the dice in a casino.

The Allens affair has other mirror images which can be seen in the collapse of the empires of Bond, Christopher Skase, Laurie Connell, Brian Yuill and John Elliott. But unlike those disasters, the Allens problem was really one of betrayal on a major personal scale because in a partnership such as a law firm, each partner's misdeeds have an impact on his or her colleagues. In the worse case, Allens partners could still be liable for any money Powles was involved in losing. Quite apart from the shame and anger they feel, they have already had to borrow and sell to pay for their legal costs and the London law firm they have retained does not come cheaply.

When the Allens scandal erupted in 1992, rival law firms tried not to gloat at the near downfall of the great firm, the holier than thou Allens. They would know in their hearts – if they cared to examine them – that such a misfortune could have occurred to them, except for the grace of God. . .

All the lawyers had a party in the 1980s but as a profession they were far from alone. Auditors, accountants and bankers are now also feeling the pain. In January 1995, when they took Powles away in the paddy wagon to jail, he sat next to a former lawyer from law firm Clayton Utz who had stolen from his clients. The lawyer had received no publicity at all. But then he did not work for the Cathedral of Allens but merely "Clutz" as the rivals called Clayton Utz.

But that firm, too, was to get its share of publicity over the matter of Carol Foreman, who had to appear before the Legal Profession disciplinary Tribunal on family law matters involving changed documents and apparent overcharging. The reporting of such affairs gives us a rare glimpse of what goes on in the legal cathedrals of Sydney. Matters which will not appear in the Law Society of NSW Journal whose editor told me recently he did not think it would be possible for my book to be reviewed in its pages.

After all the Law Society could be seen to have lost in the matter of the society versus Allens. It did not put Allens into receivership. It was talked out of its own legal advice to do so by Barry O'Keefe QC, now head of the ICAC, by the controversial lawyer John Marsden, who was then president of the society, and by former Allens partner and chief troubleshooter, John Atanaskovic who is now known mainly as Rupert Murdoch's lawyer.

Writing the book was one of the most difficult projects I've undertaken in quite a long career in journalism, because in a sense it is

a work in progress and one which many people did not want written. Writing the story so far is like sitting nearby, but not right in the confessional, an eavesdropper around the fringes of the cathedral. Consider it as a candid snapshot only, say a Polaroid taken and developed in a place where little light has shone before. Allens could have enjoined my book. They did threaten an injunction if they did not see it before publication. They did obtain an order preventing publication of the Law Society proceedings in the Supreme Court relating to their possible receivership.

Last week, John Elliott was back in court with a Supreme Court judge enforcing a complete media ban of preliminary legal argument and this week Alan Bond is back in court over the big question – where has all the money gone? Bond's lawyers said that the Australian Federal Police and the Director of Public Prosecutions should cease their investigation into his alleged bankruptcy offences. They argued that the February 1995 annulment of Bond's bankruptcy means Bond could not have committed offences alleged under the Bankruptcy Act as he is no longer a bankrupt. Counsel for Bond, Julian Burnside QC, told the Federal Court yesterday there is a question about whether the Australian Attorney-General is entitled to pursue requests to Swiss authorities for more information about the alleged offences.

In time, no doubt, the impact of Powles will completely dissipate. The lost money will be gone forever. The media will be onto the next big scandal. Luckily for many, the media have, en masse, grasshopper minds. Yet, for every Allens affair, there is an Elliott affair, a Yuill affair, a Bond affair, a Skase affair. We need more books and more investigative journalism to shed more light on the shady cathedrals to see their bad deeds as well as the good.

Endnote

1. The civil case between Allens and Nauru was settled in London in May 1996.



WHAT'S ALL THIS

ABORIGINAL SOVEREIGNTY?

Henry Reynolds

I will begin with a legend about the origins of the law among the Worora people of the Kimberleys.

Way back in the dreamtime when the earth was made, men and women were also made. They had a lot of children and when they grew up they just married each other and had more children. They ate raw meat, fruit and berries. As yet people did not have fire sticks; people only used fire when they were lucky enough to get fire from lightning, when it struck trees and fire kept on burning. People then lived lawlessly. They ate food and meat without having to cook it; they lived like animals. There were no relationships.

A man by the name of Ngunyarri thought about making sacred art and totems. He lived alone with his mother who was old and blind and who stayed most of the time in camp looking after the first lot of art that her son had done. One day when Ngunyarri went out to do more carving a man from a neighbouring tribe, called Webalma, came around and saw this old lady all alone with all the totems. He asked her who had done them. She answered, "My son, Ngunyarri, goes out every day and does all this handiwork." Knowing that she could not see, he stole some of the art and took it off back to his tribal land. On arriving there he sent out smoke signals to other tribes. There they gathered and had a big meeting and discussed how things should continue from that day. At this meeting leaders and riders were formed to make a council. Among these were Wodoi and Jungun (or Jungunja). These two men discussed their marriages. Jungun married his daughters and so did Wodoi, and both of them saw that it was not right to marry their own daughter. So these two men agreed that their two tribes should intermarry.

Meanwhile when Ngunyarri returned to his camp his mother suddenly realised that his beautiful art was missing. He asked his old mother what had happened and she told him about Webalma, the man who had visited her after he had left to do more work. (Webalma happened to be hunting when he came across the camp of the old lady and her son). So Ngunyarri left his mother and went to look for the thief and his stolen totem.

When he reached the people in their land he asked for the art and the

thief, but the leaders said to Ngunyarri, "That piece of art has made us set up rules and laws and made us form leaders and elders, and it has been shown to all the tribes of other lands." So Ngunyarri thought, "I will go back and make some more art and handiwork seeing that it was so worthwhile and so useful to all the tribes and will be from generation to generation."

Since then men lived by laws and rules. Leaders were formed to control the tribes of people of the lands. They also discussed marriages. So Wodoi and Jungen were the first leaders of all the people.¹

It is an interesting story in its own right. But it caught my attention because it is very similar to European accounts of the introduction of law which were current during the late 18th Century and early 19th Century. The classical jurists distinguished between a state of nature and a civil society. They assumed that at some time in the past there had been a transition from one to the other, although it was still possible to find "unsettled hordes of wandering savages not yet formed into a civil society".²

What distinguishes one from the other?

A civil society needed organisation and some system of law which normally attracted adherence and which was capable of punishing transgressors.

The English political philosopher Jeremy Bentham declared that the difference between the state of nature and political society lay "in the habit of obedience".³ His contemporary, the great jurist William Blackstone, concurred but added that obedience had to be something "permanent, uniform and universal" rather than to a "transient sudden order from a superior". Unless there was some authority "whose commands and decisions all the members are bound to obey", the community in question

would still remain as in a state of nature, without any judge on earth to define their several rights, and redress their several wrongs.⁴

European colonists may have begun by believing that Australia was peopled by unsettled hordes of wandering savages but by the 1840s when the first wave of ethnological studies by explorers and missionaries appeared, opinion had turned around. The problem appeared to be not too little but too much law. Explorer Edward Eyre wrote, "Through custom's irresistible sway has been forged the chain that binds in iron fetters, a people who might otherwise be said to be without government or restraint."⁵ It was an assessment echoed by the Worora senior man David Mowaljarlai who recently observed that the law would "relentlessly chase every wrong doer . . . no-one can escape the law no matter how hard they try."⁶

It is arguable, then, that Aboriginal Australia was peopled by, what European jurists called civil societies before the arrival of the first colonists. But did these societies exercise sovereignty over the territory they occupied? Were they, in fact, small nations?

The critical test of "nationhood" in the thinking of European jurists, was freedom from outside control. In his classic study *The Law of Nations* Emerich de Vattel argued that every nation which governed itself "under whatever forms, and which does not depend on any other nation, is a sovereign state." Within a few months of arrival in Sydney the officers of the First Fleet were aware that the Aborigines around the harbour lived in distinct societies with their own territory, name and dialect. That picture was filled out as missionaries and officers gained more knowledge about Aboriginal society. Edward Parker, the Assistant Protector of Aborigines at Port Phillip in the 1840s commented:

I found on my first investigations into the character and position of these people, that the country was occupied by a number of petty nations, easily distinguished from each other by their having a distinct dialect or language as well as by other peculiarities. Each occupied its own portion of country, and, so far as I could learn, never intruded into each other's territory except when engaged in hostilities, or invited by regularly appointed messengers.⁸

Aboriginal tribes may, then, have measured up in terms of independence from outside control but were these too small to be thought of as nations? European international law of the time was vague on the question but the answer must be that they were not necessarily too small. Vattel observed that just as "a dwarf is as much a man as a giant is", so a small nation was "no less a sovereign state than the most powerful kingdom".⁹

The celebrated British jurist John Austin briefly turned his attention to the indigenous people of North America and Australia. He was doubtful if they could be considered to be small nations but size was not the determining factor. If they met the already noted condition of obedience to an established set of laws and customs they would have to be considered "a congeries of independent political communities . . . however small".¹⁰

If the Aboriginal tribes exercised some form of at least rudimentary sovereignty over Australia, the question arises as to what happened to it? How was it lost by the indigenous people and gained by the British? To answer that question we need to turn briefly to basic principles of international law. Traditionally there are three ways to acquire sovereignty – by conquest, by cession or treaty and by occupation.

The accepted legal doctrine is that the British acquired Australia by occupation, or as it is often phrased, by peaceful settlement. But that raises more questions than it answers. Conquest and cession are far less ambiguous. Conquest takes place by military action of some sort at a particular time and sovereignty is thereby won and lost. Treaties have precise conditions and are signed in a particular place at a known time. But what can one say about occupation. When did it actually occur? How did it happen? The traditional view is that when

the British formally annexed eastern Australia on 7 February 1788 their sovereign authority extended instantly over every inch of territory even though there were people living there who weren't to see Europeans for another 50 or 100 years.

Underpinning this heroic claim is the doctrine of *terra-nullius* – the view that there was no sovereignty in Australia prior to 1788, that the British were, therefore, the first sovereigns and that the sovereignty, so acquired, was original rather than derivative.

But wasn't *terra-nullius* overturned in the Mabo judgment? It was, but only in relation to property. The traditional view had been that when the British arrived the Crown became the beneficial owner of all the land because the Aborigines had no tenure of any sort. The court rejected that view deciding that the indigenous people were the owners and occupiers of this land under native title but that they lost it in a piecemeal fashion over many years as the wave of settlement washed slowly over the continent leaving "islands" of native title in the more remote parts of the continent.

But if native title was lost gradually in a piecemeal fashion why wasn't the same true for sovereignty? If remnant property rights remain, why doesn't remnant sovereignty in those parts of the continent where communities still live on their traditional land and impose their own customary law? This is the solution which was found in North America as long ago as the 1830s when the United States Supreme Court decided that the Indian tribes were domestic dependent nations, a status they still retain.

If Australia were to follow in the path marked out by the Supreme Court, as it has already done in accepting native title, a number of advantages would be apparent. Australian jurisprudence would simply make more sense. Our law and our history would run more closely together and we could dispense with the doctrine of *terra-nullius*, thus ridding our jurisprudence of its colonial vestiges.

The law would also be better able to accommodate developments in indigenous politics – demands for self-government and regional autonomy and the negotiation of regional agreements. In one way or another they all put more pressure on the federal system opening up the possibility for creative constitutional reform. If such changes eventuate, theory and practice will meet in the early years of the 21st Century ushering in a new era in relations between indigenous and main-stream Australia.

Endnotes

1. A Dickey, The Mythical Introduction of "Law" to the Worora Aborigines, *University of Western Australia Law Review*, 12, 1975-76, pp 361-62.
2. H Wheaton, *Elements of International Law*, (1836), Oceania, New York, 1964, p 32.
3. J Bentham, *A Fragment on Government*, Oxford, 1894, p 141.

4. W Blackstone, *Commentaries on the Laws of England*, 2 vols, 18th ed, London, 1823, 1, pp 26-27.
5. E Byre, *Journals of Expeditions of Discovery*, 2 vols, London, 1845, 1, p 351.
6. Dickey, *op. cit.*, p 363.
7. E de Vattel, *The Law of Nations* (1758), 3 vols, Carnegie Institute, Washington, 1916, 3, p 7.
8. E S Parker, *The Aborigines of Australia*, Melbourne, 1854, p 12.
9. Vattel, *op. cit.*
10. J Austin, *Lectures on Jurisprudence*, 4th ed, London 1873, p 239.



ISRAELI SOCIETY

AFTER PRIME MINISTER RABIN'S ASSASSINATION

Aviezer Ravitzky

In the very near future Israeli society has to make some very difficult decisions regarding the question of a Palestinian state, the future of the Golan Heights and the future of Israeli security and military power. These are not only political questions. They have many spiritual, ideological and sometimes even theological implications. With regard to those difficult issues, there is no precedent in our short history for the inner tension they have brought us.

Last week we heard that Israel's elections will take place much earlier, maybe May 1996 because of the consequence of this tension. And in addition to the external political problem there is an internal social problem. We don't know if the peace process will succeed, as I hope, or will fail as some other people believe. But there is one thing that we know for sure. That one segment, one important group within Israeli society, is almost doomed to be frustrated and disappointed in the next few years. It will feel as if your own brother or sister has betrayed you. We don't know which camp it is going to be. If the peace process succeeds it is going to be one camp. If the peace process stops, it is going to be another camp. But one camp is almost predestined, so to speak, and preordained, to feel very much frustrated and betrayed by their own brother and sister – not by America or Russia which would be much easier. And when a society confronts such a situation, suddenly the inner ideological, social, political and even philosophical questions become very much alive and intense.

So I would like today to explain to you the pain of both sides. I am very much in favour of the peace process politically, religiously, and so on. But I would like to try to be objective, to explain both pains, both philosophies, both arguments, to show you that it's not only a debate between two different political opinions but between two sublime visions. Perhaps even between two different Israeli identities. Let me start with the camp with which I don't identify myself.

Three generations ago when the Zionist movement was established in Europe, most of Orthodox Jews and Orthodox rabbis

opposed it. Why did they oppose it? Not only because of the fact that most Zionist leaders were secular – but for another deep reason. For 19 centuries, after the destruction of the temple and the second Jewish political sovereignty in the land of Israel when the Jews went into exile, there has been a dream which was ultimate, absolute, pristine, complete and total. One day in the future the entire Jewish people, not just some parts of it, will return to the entire biblical length of Israel. All of the people will keep the entire Torah (the Law) and eventually will achieve a complete final peace. This has been the classical ideal, the total dream. Anything partial or fragmented, for the religious instincts, was under suspicion. For them it would be better to wait 50 more years, 200 more years and then to realise the entire, full, complete, total dream and not to make compromises. Therefore Zionism could be seen as betraying the classical Jewish dream. “You Zionists promise us to achieve a partial realisation. However, it’s not in parts. You will break it.” Try to imagine a child who would break a crystal vase in the living room and run to his mother and tell her, “I have bought you a present – part of the crystal vase.” For the non-Zionists and the anti-Zionists at the beginning of this century this was exactly what the Zionists are doing. They were breaking up the whole.

However, later on, gradually Zionism became a tremendous success. In 1917, the British mandate of Palestine declared that Jews had the right to establish their homeland. In 1948 the State of Israel was declared. Millions of Jews have emigrated to the land of Israel. In 1967 there was a tremendous military victory. Perhaps a “biblical” one. And most of the biblical land has returned to the control of the Jewish people. Jewish Russian immigration during the last years has increased the population by 720,000. So because of this process of success, gradually many people and primarily many religious people have started to identify the classical Jewish dream, the messianic one, the vision of redemption with the concrete realisation of Zionism, with the fulfilment of the State of Israel.

Once you consider a state, any state in the world, as a messianic fulfilment, you expect a lot from it. It is supposed to realise and implement all your dreams. Now during the last three years with the Oslo Agreements and earlier with the Camp David Agreement with Egypt (1981) many Jews, sometimes the descendants of those who opposed Zionism, and who gradually have become hyper-Zionists, started to feel betrayed. They felt that we broke the dream. During this process we are going to evacuate a very integral part of the historical land of Israel – according to the Jewish concept and according to the Jewish historical memory and consciousness. The biblical vision didn’t speak about Tel Aviv and Haifa and the seashore but primarily about Hebron and Judea.

I should explain here that I don't think that there is any symmetry between the Jewish attachment to the land of Israel and the Palestinian attachment to Palestine. Let me make it clear. A Jew in Australia, when he or she prays, faces Jerusalem and the Temple Mount, every morning and every evening. For a Muslim (Palestinian) even if he stands around the Temple Mount, he would turn his back to the Temple Mount and face Mecca. One cannot compare the place of Jerusalem in the Jewish historical consciousness, not to speak about the Jewish religious consciousness, with that of the Palestinians. Moreover, the very awareness of Palestinians as a people was not there a hundred years ago. It was created as a response to Zionism. So I believe that there is no symmetry. But despite these facts, today the Palestinians have a consciousness as a people. It's new but it is there. And these are the people with whom I can make either war or peace. And I want to make peace. So I want to be very explicit. I don't give up my historical, certainly not my metaphysical, attachment to the land of Israel. It is the land of Israel but it is not empty. And, in my view, I have no choice but to respect the Palestinian human presence, since their subjective consciousness is very different from mine. Moreover, I don't want my children and my grandchildren to run after the grandchildren of the Palestinians in Gaza. Even if I have more right in Gaza. So I accept the idea of a territorial compromise and the establishment of a Palestinian political entity.

It is very difficult for many Jews, spiritual people, authentic people, to accept such a withdrawal from part of their dream. And if I try to understand them I would even mention the fact that for many of them the attachment of the people to the land is almost an organic one. I once told a friend of mine, a leader of a very radical camp in Israel, that there was a heavy price for a person to pay to have a home, for his or her spouse and children, but one shouldn't pay the same price for having a greater home. It didn't convince him. Then I said, sometimes you have to operate, you have to cut some organ to save the whole body. What was his response? And let us take him seriously. He's an authentic person, although I very much disagree with him. He asked me would I give my wife or my children up to save myself? So for him it is an organic attachment. And indeed, for Isaiah and Jeremiah the connection between the people of Israel and the Land of Israel is the connection of husband and wife. So it's not only a political problem. It also is an ideological and sometimes theological one.

Let us now go to the other side. Many other Israelis, including me, believe that we confront here a conflict of values. Wherever you go you pay a price but the price that I have described until now is not as heavy as the alternative, namely a permanent situation of war between us and all our neighbours and the need to control the life of more than two million Palestinians permanently when they hate us.

Here, again, it is not conceived as a political question only. It's much more than it. Many Israelis believe and hope that with the coming anniversary of the first century of Zionism, the history of Zionism would be summarised according to three crucial points. The three most important social events he or she would mention are first, the Balfour Declaration (1917) which would symbolise the recognition of the West, of the British mandate, the desire of Europe and the non-Jews for the right of the Jewish people to have a homeland in Palestine. Secondly, 1948 when the Jews realised that they had to take upon themselves the responsibility to be independent and autonomous in their homeland and to establish autonomous life. And thirdly, from the peace agreement with Egypt to Oslo One, Oslo Two and I hope, Oslo Three and Four.

It is supposed, therefore, to close the historical circle. It is much more than a political event. Moreover, I am not sure many of you are aware of the fact that many Israelis who have served in the army with devotion didn't believe that we should be in Gaza for instance, or in the war in Lebanon. I personally thought the war in Lebanon was against both the interests of the Jews and the Arabs. But in Israel you cannot afford behaviour like that of many Americans during the war in Vietnam, even if you did not like the government which was elected democratically. If you don't serve, the very system will be undermined and the enemies of Israel will conquer it. Our neighbours are not the Canadians. We cannot afford civil disobedience in huge numbers. No army, no Israel. Disobedience would therefore cause ethical deterioration and will destroy ideological convictions.

Finally we don't know if the peace process would succeed. We hope. Some of us pray. Now, if it does succeed, certainly we are going to be happy. If it doesn't, however, I still want to be able to look directly into the eyes of our children and tell them that we, our generation, has done everything possible to prevent it, and if we have failed it was because of the other side. Five years ago I didn't feel that I could tell that to the younger generation. Today if it happens I will be able to tell it to them. We have done everything we could to achieve peace, (except endangering our very existence).

According to a new study which has been done by my movement, the religious peace movement, you can preserve 85 per cent of the Jewish settlers by giving back 90 per cent of the occupied territories. This means that if we keep around ten per cent of the territories the vast majority of the settlers would be able to stay there. When I accept the idea of territorial compromise it means a compromise. It doesn't mean a total evacuation. In Judea and Samaria, however, there is an important group who went there because of ideological or even theological reasons. It's going to be very difficult for them. Even if they don't evacuate they will be surrounded by Palestinian autonomy, one

day even a Palestinian state if we gradually develop good relationships and mutual trust. It is going to be difficult. Another group of people went there for economic reasons. Many of these I believe will return inside the green line, inside the old borders. And Israel should help them.

I have spoken here about a debate between two sublime visions. Let me try to make it now clearer, by using a paradigm from the history of Jewish philosophy. At the beginning of the 12th Century, one of the most well-known texts in the history of Jewish philosophy was written. It was *The Book of the Kuzari* written by Rabbi Judah Halevy. The book was composed as a fictional literary debate between a rabbi – a Jewish scholar on the one hand – and an objective non-Jewish king on the other – non-Jewish, non-Christian, non-Muslim, an objective one. Throughout the book the Jew is trying to convince the gentile king regarding the merits of Judaism and the Jewish people. And indeed, towards the end of the book, the king and all his followers convert to Judaism. On two occasions, however, during his long dialogue with the king, the rabbi was forced to admit: “You have found my weak point.” Now I want to discuss the two weak points of the Jewish people according to Judah Halevy. And it is very important to realise both of them together.

The first is when the rabbi talks about the unique attachment of the Jewish people to its land. We have been expelled from it twelve centuries ago, he recalls. Other nations when they were expelled from their homeland, after three, four, five generations, were integrated into their new place. We are still loyal, committed and faithful to our ancient holy land. And we pray to God to come back. What was the immediate response of the king? Yes, you pray, you speak about it like a parrot but you don't do anything concrete. You don't go there. It is a platonic love only. And the rabbi had to admit, according to Halevy, that this has been a weak point of the Jewish people.

The second example. The rabbi mentions the fact that throughout history we have been killed and murdered but we don't kill and murder. We are persecuted but we don't persecute. Perhaps if the book had been written after the expulsion of the Jews from Spain, Portugal, France, Great Britain in the 14th-15th Centuries, he would also say we are “transferred” but we don't “transfer”. What was the immediate response of the king? “When you have the power you will.” It is not that you are unique, but that you are weak. When you are strong you are going to be like everybody else, not worse, but like everybody else. There is nothing unique in your Jewish attitudes.

Zionism has made these two challenges concrete and immediate. If we could adhere to one vision only, it would be easy. But we are tested in regard to both visions. Can you simultaneously be loyal to the land, to the classical vision of return, on the one hand, but preserve

your commitment to spirituality and Jewish ethical demands? That makes it much more difficult and problematic. However, I don't consider Zionism to be the normalisation of the Jewish people in the common use of the term. Does normalisation mean the behaviour of the French in Algeria, of the Russians in Afghanistan, of the Americans in Vietnam, even the Syrians in Haman? No, we want to be different.

Since the election among the Palestinians we know that the majority of the Palestinians support Arafat. On the other hand we confront the Hamas which are radical religious opponents of the peace process. Almost 200 Israeli citizens have been killed and murdered by the Hamas. And it creates terrible opposition to the peace process. This may change the whole mood in Israel. Because the question of self security is very important. Yes, Hamas is a minority, but sometimes radical groups can destroy everything. Perhaps this is the main obstacle to the peace process. Therefore I have many hopes. I also have many fears. But my hopes are greater than my fears.

Let me conclude by using the following illustration to explain my own convictions. Fifteen years ago Israel evacuated Sinai and also the Jewish city of Yamit as a consequence of the peace process with Egypt. The first Friday night after the evacuation of Yamit, a relatively big Jewish city, I came to my synagogue for Friday night service and some friends of mine, who do not accept my political opinions, were waiting for me at the entrance. They wanted to provoke me, by suggesting that we follow many other synagogues in Jerusalem which were going to say the main prayer of Friday night with the mourning melody that is used in Tisha Be'av, the commemoration day after the destruction of the first and second Jewish commonwealth. They were sure that I would get angry about it because they knew that I supported the peace process. However, I surprised them by saying that I consider it to be a very good idea which I support. How come? I told them that if one takes this event in isolation, the fact that the Jewish people had to take Jews from their homes, from a Jewish city in the land of Israel, is indeed a tragic moment. We should teach our children that it is a sad moment. However, I told them, I prefer our mourning melody now than all the tears of mothers and children that I hope to prevent in the future as a consequence of it. Today I can say, that I know we have prevented it. So you see it's a big price and very sadly I agreed to pay the price.

I didn't plan history. Unfortunately we have not returned to an empty land. And it was supposed to be empty according to the simplistic meaning of the Bible. I believe it is my land but I came back and I found Palestinians there and I cannot ignore their human presence. And I don't want to fight them forever. So I believe I have no choice but to pay a very significant price for peace.

Let me conclude by giving you another example. Two months ago the Jewish people celebrated the Festival of Hanukkah. In the big

Yeshiva (theological seminary) of Alon Shevut in Israel, where the two rabbis support the peace process, the students started to dance to express their joy of the festival. The rabbis got up and said, "We ask you not to dance tonight despite the fact that it is Hanukkah. Today we evacuated Bethlehem." I don't have to tell you what Bethlehem means in the Jewish historical memory, in the Bible. But some of the students asked "How come? You support the peace process including this event." That is the key to my talk. I support the peace process because I believe the alternative is worse, ethically, politically. But I am very much aware of the price.



MABO AND THE

1996 FEDERAL ELECTION CAMPAIGN

Noel Pearson

If I do one thing here this evening, let me at least invest in you the depth of my conviction: that on 2 March 1996 Australians will make the most important decision in this country's modern political history, as to our future as a nation and as to the kind of country we want in the new millennium.

More than at any time in the past, the national atmosphere is pregnant with possibilities unrealised, and potentials yet to be fulfilled. The air is heavy with promise that lies just within our grasp.

As Australians we can continue to develop and define an inclusive nation founded on unity in diversity or we can go back to an Australia of old. We can affirm and consolidate or we can unravel and dissimulate. We can head towards 2000 with optimism about our problems and challenges and a commitment to work hard to make things better. Or we can be pessimistic and cynical about the gains we have made and we can allow our resolve to be questioned.

We can go backwards.

Concerning the fundamental question of our national culture and identity and the relationship between the old and new of this continent – we as a country simply cannot afford to turn back. We now have the foundations upon which we can begin to build truly great things. The cornerstone that Mabo laid for us will withstand the most blistering cynicism that our national critics can muster.

Mabo is the correct foundation for our future, no matter the frustrations we will all experience and despite the impatience, anger, arguments, misgivings and faithlessness that might afflict us from time to time. It is the correct foundation because without a foundation of truth no national structure can endure. We forsake Mabo and we will be bereft of our one chance at national coherence; an opportunity to come to terms with the past, take its prescriptions in the present and therefore map out a future.

Tonight I want to talk about Mabo and Native Title in the context of the 1996 election campaign. The spirit of Mabo has hovered

silently but persistently over this campaign from the outset. It has, in different ways, informed the leadership philosophies of both contenders, Paul Keating and John Howard, and has played no small part in determining the respective political strategies of the Australian Labor Party and the Liberal/National Coalition.

Now it is necessary to admit that I have come to a painful conclusion about the philosophy and strategy behind the Liberal Party's campaign to assume government in this country. The choice to discuss my views has not been made lightly. There is also no doubt in my mind that there are countless candidates and members of the party who have not given thought to nor participated in the development of what amounts to a grotesque but familiar political strategy, a strategy which exploits racism for political gain.

Tonight I will set out my analysis of the campaign but first we should consider again the meaning of Mabo.

Coming as late as it did in the colonial history of Australia, the truth of English common law recognition of pre-existing indigenous habitation and ownership of the land was always going to require a compromise. In its decision in Mabo, the High Court presented a redeeming prospect: that the common law of England which came to these shores on the shoulders of the colonists in 1788, brought with it the concept of native title to land.

The High Court also presented the fact of unutterable shame; that the denial and obfuscation of these legal truths resulted in murder, dispossession and the near extermination of a people as so much vermin. The High Court's decision in Mabo and its subsequent enshrinement in the Native Title Act in 1993, established two fundamental realities that neither black nor white Australians can continue to deny. Firstly the reality of original occupation and ownership of this country by its traditional inhabitants. Mabo has put the lie to terra nullius. The black fellas were human and were here first. Secondly the reality of the colonial occupation of the country and the accumulation of new rights to and relationships with this ancient continent. Mabo lays to rest the fantasy that somehow the white fellas are ever going to re-board their tall ships and leave. The High Court has told us; these things have happened, these are the facts of our history and you are the people who are going to have to find a way to work things out and to live with each other as Australians.

But more than revisiting and redefining the relationship between the protagonists of colonial Australia, Mabo has laid the foundation of the inclusion of those who have since come to Australia and will come to Australia in our post-colonial future. By accepting that the cornerstone of our national identity must be real commitment to a fair go for all, Mabo has laid the foundations for inclusion and incorporation in a multicultural Australia.

I have maintained an abiding conviction in the justice of the compromise that our nation's highest court set out in Mabo, in responding to the perseverance of a motley group of Jewish lawyers and land rights activists from the Torres Strait Islands, the High Court established very clearly the strength of our national institutions and the role of judicial leadership in our society. Whilst proclaiming the law, their Honours spoke about our history and prescribed justice.

On 5 February, in a ceremony in Cairns, I was pleased to see that our faith in Mabo and the Native Title Act yielded an historic breakthrough, when the settlement of native title provided the basis for a regional land use agreement involving traditional owners, the Cattlemen's Union of Australia, the Australian Conservation Foundation and the Wilderness Society.

The regional agreement provides a framework for the settlement of native title claims to pastoral leases in Cape York Peninsula by guaranteeing traditional rights to pastoral leases in return for tenure security and development for the pastoral industry and comprehensive conservation protection for the natural and cultural heritage of a remote indigenous wilderness region almost the size of the State of Victoria.

Through the Council for Aboriginal Reconciliation, former National Farmers Federation Director, Rick Farley, facilitated a process of mediation and negotiation that resulted in a remarkable act of regional land use reconciliation founded on native title. In making provision for regional agreements the principles of the Native Title legislation have been vindicated because of the willingness of the parties to the agreement to seek a win-win solution, rather than to persevere with conflict and litigation. In other cases, where parties are unprepared to negotiate, then the litigation procedures of the Act will necessarily operate. This is as it should be.

However I believe that the Cape York Land Use Agreement represents a model that should be considered by indigenous and industry groups and government elsewhere in the country. By working hard to locate win-win solutions, the seed that Mabo planted will grow and yield fruit for indigenous people and the whole country.

In retrospect, it is incredible to me that the catalyst for the negotiation process that yielded success in Cape York, was in fact a resolution of the Cattlemen's Union in August 1994. At the remote central Cape York town of Coen, pastoral landowners from all over the Peninsula unanimously decided upon a resolution that provides certainty of tenure, lifestyle, industry and culture for both pastoralists and traditional owners. This was an extraordinary moment in the history of this remote frontier. Here were families who had battled for several generations, who had learned to love the land and whose colonial relations with the traditional owners of the land were fre-

quently bad, sometimes good, who were now prepared to establish a foundation of equality and mutual recognition for the future.

In the months following the seminal meeting, the importance of which we acknowledged at the time, the various parties nevertheless pursued conflicting campaigns in the courts and in the media. It was only when the Cattlemen's Union invited me to address their Annual Convention at Rome in July 1995 that we began to appreciate the possibilities that could come from sitting down and talking the issues through.

I was subsequently encouraged to attend a large meeting of Cape York pastoralists at the small peninsula outstation at Musgrave. In an atmosphere of anger and suspicion we nevertheless resolved on a process of mediation and negotiation. The fact that we were talking about the meaning of reconciliation at the grass root level for black and white people of Cape York, was indelibly planted in my brain when a venerable pastoralist from Cape York, Clive Quartermaine, said to me:

Noel, as the old man of the white tribe, and I'll be the oldest of any black tribe around here as well, at my age I can claim privilege. It is you that has raised the uncertainty. If you can change your tactic in future then Rick Farley's dream can come true along with a lot of other people".

My belief in the capacity and good will of Australians has soared in the light of my experiences of the past year in dealing with the leadership of the Cattlemen's Union and the pastoralists of Cape York. I hope that we have at least shown the way for others to come to arrangements that fit their own particular circumstances in other areas of Australia.

But what of Mabo and Native Title and the Federal Election Campaign of 1996?

My thesis here tonight only by coincidence takes up the observations of Gerard Henderson in his excellent article in today's *Sydney Morning Herald*, about racism and the Federal campaign. I was unaware of Gerard's article and I am sure he was unaware of the focus of my presentation here tonight:

Let me begin my analysis by saying that it is a political fact borne out by the polls, that Aboriginal Affairs is not an electoral priority and there is a substantial reservoir of resentment and prejudice in some sections of the Australian community regarding Aborigines. Mabo and Native Title encapsulate "the Aboriginal Problem" in the Australian subconscious. In campaign terms, Mabo, Native Title and Aboriginal people are difficult issues to be positive about, given that there is a sizeable proportion of the population which still clings to obscurantist outlooks. Because of the political problems which Mabo presented, there were a few people in the parliamentary Labor Party who were convinced that it should have been honoured in the way it was.

Bob McMullan frankly articulated the political problem that Mabo represented for a pragmatic political party anxious to stay in office, when he said on the recent *Four Corners* program:

Mabo wasn't ever seen as a vote winner for the government. It was just seen as being right. I think all of us were nervous nellys. I don't know about Paul but I was very excited by what we were doing as an important bit of agenda setting for Australia into the twenty first century. But was I apprehensive about the public response to it whether it would be seen to be workable and whether it would be accepted? Yes, I was very apprehensive."

There is still in Australia a sinister undercurrent of xenophobia and ignorance that informs a virulent racism. This subterranean ugliness rears its head from time to time, but with the country's maturation, explicit racism is increasingly regarded as unacceptable and indecent. What Russ Hinze and Joh Bjelke-Petersen used to say with impunity every other week when I was a kid in Queensland, is today rightly considered offensive and indecent. But has racism yet properly become un-Australian?

In their strategic prosecution of the 1996 campaign, the Liberal Party have brought this question to the fore. They have allowed the expedience of the drive to political office to permit them to besmirch their proud record on race and multiculturalism. The subtle irony of the headline slogan for the 1996 Liberal campaign struck me with a visceral force: FOR ALL OF US. After living for at least three febrile years with a desperate belief that we as a country were about to cross the Rubicon, if only, if only, if only . . . now I knew that the Liberal campaign was going to destroy the national promise because they so much want to destroy the politician.

This morning Gerard Henderson referred in addition to the "dewogging" statements of National Party candidate, Bob Burgess and the "slanty eyed ideologues" of Bob Katter, to two incredible incidents involving National Party backbenchers for Queensland, Peter Cochran and Parkes, Michael Cobb, where they alluded to rumours to the effect that Aborigines from Redfern were going to be relocated to these electorates to make way for the Olympics.

Now let me read the contents of a hoax letter, that purported to be from the Regional Director of the Peninsula and Torres Strait Regional Health Department in Queensland. Copies of this letter were sent in the last month to households in the Tablelands district of North Queensland. The letter reads:

Dear Sir,

As part of our program for fostering greater world understanding, the Australian Department of Aboriginal Relations has selected you to participate in our new "Lend a Helping Hand Plan".

You will be pleased we are sure, to know that we have assigned a typical family group from the Yalumba Reserve to be guests in your home for the next few months. These people have suffered

tremendous social upheaval and it will take some time for them to adapt to our way of life. We are sure that you will do everything possible, even if it means some minor reorganisation in your home and in your personal habits, to ensure you make the necessary accommodation arrangements.

The family will consist of father, mother, four children, wife's brother, husband's grandmother and her sister. Tents and stretchers, also portable toilets, are available at a modest rental from S Walder and Company, Sydney (transport costs are taken care of). These may be erected in your back yard.

Within the next week you will hear from our Head Office regarding the arrival date, routing and names of your selected family. We shall include some recipes from Thursday Island so you may prepare their favourite dishes. So as not to inconvenience you, we shall provide adequate supplies of goanna, snake, emu, grubs and other insects.

Free immunisation will be given to you and your family against typhus, cholera, tuberculosis, leprosy, syphilis and hepatitis B.

No doubt you will wish to meet the family at the airport. We suggest you hire a minibus for this happy occasion as they will be bringing some of their possessions.

While this may seem like a small gesture to you, we are convinced that it is only with such brotherhood that Australia will become one big happy brindle country.

While this is not the first letter of this kind, it is alarming that incidents like this, that refer to government relations with indigenous peoples, have surfaced in the context of this election campaign.

The Liberal Party candidate for Oxley, Pauline Hanson, who was subsequently forced to quit, was reported by the *Courier Mail* on Thursday 15 February:

She said Aborigines could "walk into a job" in the police force, received lenient court sentences, had better chances of getting housing and business loans and were the main instigators of crime and violence. I'm not racist but I'm asking for equality . . . what I believe is racism is starting in this country because the Government is looking after the Aborigines too much. . . Uni places have been set aside for them and if you are an Aborigine you get into the police force automatically while anyone else has to study and find work for two years.

Mr Howard was reported to be disgusted with her comments. However Pauline Hanson has expressed the very sentiment that the Liberals' campaign slogan FOR ALL OF US is trying to exploit. By alleging government favouritism and special treatment, unscrupulous people are generating racist sentiment and criticism of government largesse to minorities. Why has the party chosen FOR ALL OF US as the Liberals' headline campaign slogan? It is because on a subliminal level they are seeking to exploit the very sentiment that Pauline Hanson has articulated.

Mabo and the Native Title Act set the context for the Liberals' clever slogan and there is no other issue that Paul Keating is more

identified with than Aboriginal reconciliation. Few dispute his commitment to it, he has mentioned it at every turn, and sought to lead the nation at every opportunity. This has been despite the "too much Mabo" parlance within his own party and despite the sheer difficulties of standing up consistently in this policy area.

So the subliminal message is: Keating has been only governing for the Abos who get everything free. . . The perception that there are minorities and Aborigines are the unmentioned exemplars, who are living it up, while we in middle Australia remain unrepresented by the government, is one which presses some buttons. It presses buttons with decent Australians at a subliminal level, because they don't necessarily follow through the nasty logic of the propaganda. These Australians will be repulsed if the logic was put to them in an explicit way, as Pauline Hanson's comments have, it works, however, through subtle implication. Talk about American style propaganda electioneering! A message which is so subtly crafted that it sickened me from the moment I saw it, and yet it is very difficult to expose. People need it explained clearly before they can see how it works. The clever and sinister thing about the slogan is that it can be used by different groups to focus resentment and prejudice against other groups.

If your beef is with environmentalists; then the Coalition will govern FOR ALL OF US.

If you hate the unions; then the Coalition will govern FOR ALL OF US.

If you want Asians Out; then the Coalition will govern FOR ALL OF US.

If you don't like the femo-nazis; then the Coalition will govern FOR ALL OF US.

If you are sick of the wog multiculturalists; then the Coalition will govern FOR ALL OF US.

If you don't like Abos who are getting free cars and houses and jobs; well the Coalition will govern FOR ALL OF US.

What the Liberals have failed to understand is that leadership for all of us raises the challenge of government bringing the people on the margins on board. People like Aborigines. People out on the fringes. No-one has come close to the inclusive leadership that Paul Keating has provided. By bringing Aboriginal people into the national mainstream and providing the foundation for reconciliation and inclusion, Paul Keating has shown the requisite leadership and has indeed governed for all of us. When he spoke about One Nation, he sought to bring the people on the margins into the national fold.

The Liberals' racist and divisive campaign slogan is a scary condensation of an uninclusive government for middle Australia. However, along with Paul Keating and contrary to the Liberal Party, I believe that middle Australia really believes in a nation that includes the

people on the margins. They will be revolted by political campaigning that seeks to focus resentment on people at the margins for political purposes.

Despite the electoral difficulties, there has never been a greater need for a leader who is not afraid to show inclusive leadership. I have consistently supported Keating's leadership in Aboriginal Affairs and his championing of Mabo and Aboriginal reconciliation:

- because he believes in One Nation and bringing people on the margins into the mainstream
- because it's not about guilt about the past but about optimism for the future
- because he believes in the decency of Australians and our unbending commitment to a fair go for all
- because it is not about being a bleeding heart, it's about doing something practical and decent
- because it is about Aboriginal people taking responsibility for their own lives, and showing leadership in their own communities so that the egregious problems can be worked out in partnership with government and not by government alone.
- because it is not about being obsessive, it's what needs to be done
- because he believes (as I and many Australians do) that with leadership we can lead the world in forging a reconciliation based on justice and inclusion and a coming to terms with the truths of the past and a belief in the possibilities of the future.
- because it's a good thing for indigenous people as well as for the nation.

John Howard expressed disgust with Pauline Hanson's explicit articulation of the subliminal campaign. So John Howard has a publicly decent position, whilst he allows his party to run the nasty subliminal line. In the same way John Howard expresses disgust with the Nationals' Katter and Burgess, whilst the Coalition takes the benefit of their bigotry. So John Howard has a publicly decent position whilst some Nationals exploit the racist vote. It is almost as if the Liberals are saying to the Nationals: "We'll collect up the votes of middle Australia, and you guys go and round up the vote from the racists – in fact incite them – and then we'll add them together." A fundamental question in this campaign is: Who takes the electoral benefit of the bigotry and racism and homophobia of the National Party? Answer: the Coalition.

As a young Australian with a very keen sense of excitement about our country and what we can achieve, let me say that despite the tremendous challenges and the daunting problems we face, I have a brimming optimism about our prospects. Australia is a good country, but we have the capacity to be better. If you think that opportunity and success and achievement are just going to fall into our laps while we sit

on our hands, you're wrong. If you think that we're going to have a great and prosperous nation without some pain and uncertainty, then you're wrong. The potential which is inherent in all of us and which is our national inheritance will only be fulfilled with faith in each other, good will, perseverance and an unequivocal leadership.

I don't believe that the Australian Labor Party is necessarily the natural party of government in Australia, nor that the country should be saddled with their perpetual leadership. I believe that the Liberal Party under Malcolm Fraser in fact espoused inclusive government. It was the party that unequivocally rejected racism and championed the concept of a multicultural Australia. Fred Chaney, Ian Viner and Peter J Baume were my political heroes.

There are young people in the present Liberal Party like Christopher Pyne and Ian Campbell who hold great promise for a party which is in a grievous ideological decline. Their time should come for government in the new millennium.

But for the ALP to lose office because of Paul Keating's stand on inclusive leadership and Mabo, would be to our eternal discredit. Mabo should not necessarily be a reason for John Howard to not win the election, but it should never be a reason for Paul Keating to lose it. Ultimately, for the nation, what is more important than who wins the election, is whether in the process they have damaged the country in their drive for power by galvanising constituencies through projecting resentment and prejudice against minority groups in the community.



SLEEPING WITH

SUBVERSIVES: THE APPEAL OF THE ROMANCE NOVEL

Valerie Parv

With 35 romances under my belt, I thought I was impervious to insults. I'd heard the books dismissed as everything from write-by-the-numbers stories with no plots, to "sleeping pills". Still, I was stunned when I took a manuscript to the post office to mail to my editor at Harlequin Mills & Boon in London. The diminutive creature behind the counter read the address label and asked if I write "these books". Coyly I admitted that I did, whereupon she drew herself up and said, "Aren't you ashamed?"

No actually, I'm not, even though courage has been defined as a woman opening a romance novel on a plane.

The simple fact is that half of all mass market paperbacks sold today are romances. Though romance novels have been around for over 60 years in the case of Mills & Boon, it's only recently that the genre has started getting some respect. Many titles are now staples on the international best-seller lists, gaining media attention from the likes of *The Wall Street Journal* and *US News and World Report*. In October last year, CBS-TV's *40 Hours* devoted an entire program to the publishing phenomenon which each year racks up to a billion dollars US in sales.

In Australia there are 1.5 million Australians who buy at least one Harlequin Mills & Boon book a year – five per cent of readers buy every book they publish – that's a book every second day. One in five paperbacks sold in Australia is a romance, and the Harlequin group holds almost 70 per cent of that market.

Romance novels successfully cross all cultural and political barriers. My books have now sold over fifteen million copies and are published in dozens of countries and more than 22 languages as diverse as Icelandic, Bulgarian, Chinese and Korean. There's even a pirate edition of my book, *Man Shy*, published in Thailand. Why that should please me, I'm not sure, unless it's that it puts romance novels up there with Gucci and Reebok.

the reader profiles, my theory is that the novels *are* escapist, but not to a more exciting reality, rather *from* a too-stressful and demanding real life. Let's face it, women still do the lion's share of the nurturing. They know where the socks are, and what's for dinner. In my books, no hero *ever* asks the heroine what's for dinner. He's more likely to reserve an entire restaurant so they can dine together in candlelit splendour, or present her with a champagne breakfast in her office. In effect, romance novels return to women some of the nurturing they traditionally provide for others.

Despite being decried by some feminists as oppressing housewives, the books are now being hailed as happily and unapologetically subversive by growing numbers of women scholars.

Between their covers is a universe by women for women, says Susan Aylworth, a lecturer in English at California State University. While much of the rest of popular culture is male-centred, romance novels focus on strong, adventurous heroines who have satisfying careers and wonderful men. Sex is consensual and pleasurable for both partners.

Readers know what they want. On book covers, for example:

- a bride in full regalia can add 10 per cent to sales.
- books with babies on the covers are walking off the shelves, especially if the baby is cradled against a strong, masculine chest.
- men with moustaches push sales down (the heavier, the further down).
- the word, love, in the title is good for sales.
- young readers like covers with the woman on top.
- readers of the Temptations series like couples who look as if they're about to "do it" rather than pictures which look as if they've "done it".
- convoluted titles don't sell well.
- a picture of a horse on the cover used to mean they "did it".
Now they all "do it".

Our society has strange ideas about romance, a fact I discovered first-hand when writing advertising copy for a major hardware retailer. Their idea of an ideal Mother's Day gift was a cement-laying kit. Romance is at such a premium in our society that I recall seeing a cartoon in which a small boy, having had a bedtime story read to him, demands, "They got married, or they lived happily ever after. Which is it?" Thankfully, in romance novels it can – in fact it must – be both.

This may provide a clue as to why romance novels are so often denigrated. In our society, love has been elevated to the status of a universal good. We all yearn to love and be loved by one special person. Could romance novels, therefore, be hitting a little too close to home? Romance novels may also suffer from the literary equivalent of the tall

poppy syndrome. Yet literature need not be a ladder with so-called art at the top, and genre fiction at the bottom. Ideally it's more like an ecosystem where styles and categories interdepend. How would publishers fund their programs of literary fiction if not for the income generated by popular fiction?

Certainly there are stylistic differences, but they are only *differences*, not orders of merit. In literary fiction, the author's voice is heard more distinctly. Ideas and opinions are more crucial. In genre fiction, story tends to be the key element. The style invites readers to participate, rather than creating distance between the reader and the characters.

It's a very intimate reading experience.

This often leaves romance writers open to ridicule, usually totally unfounded. Critics love to read aloud paragraphs of our work out of context. Yet similar paragraphs taken at random from any book can sound equally ridiculous, as I have demonstrated time and again by reading examples from everyone from James Clavell and Wilbur Smith to Dymphna Cusack. As with all forms of writing, there is good and bad in romance and all stops in between.

It is also fact that writers such as Arthur Conan Doyle, Somerset Maugham, Agatha Christie and Georgette Heyer were all published by Mills & Boon. One of its first works was the English translation of Gaston Leroux's *Phantom of the Opera*. Paul Brunton, Curator of Manuscripts at the NSW State Library, told me he has in the collection one of only two remaining copies of a Mills & Boon novel by one, Miles Franklin.

I see the appeal of romance novels as covering four main aspects. They are: comforting familiarity; sexual fantasy; entertainment and diversion; and connection with myths and archetypes. They are in no particular order, each aspect possibly appealing to a different segment of the readership.

Comforting familiarity

This could well explain the persistence of the formula myth. Just as readers of crime fiction know the investigator will solve the crime, the main concern being how it is done, so romance readers know the heroine will end up in the arms of the gorgeous man only she can tame.

With paper prices climbing world-wide, readers also expect and receive guaranteed reading pleasure for their money. One might say they expect more hunk for their buck.

Most importantly, there's the assurance of a happy ending. *The Bridges of Madison County* is definitely not a romance. Apart from celebrating adultery, the characters don't live happily ever after.

Sexual fantasy

In romance novels, the heroine is loved as she wants to be loved. The

whole experience is under her control. Even the so-called rape fantasy is basically an expression of female power. The important distinction between romance and pornography is that pornography is sex without commitment, while romance emphasises the elements of commitment, caring, sharing and intimacy.

Studies of what women want from a relationship rarely reveal that it's the sex act itself. More often respondents specify closeness, intimacy and consideration, which are all hallmarks of the sexual fantasy as portrayed in romance novels.

Entertainment and diversion

As I have surmised, romance is escapist, but not from a dreary existence. More likely, it is from a life over-filled, with the woman having responsibility for everything but her own needs. An element readers say they enjoy is the heroine's freedom from such responsibilities. In romance novels, there is often a nanny to take care of the children, or a handy, supportive friend. The characters seldom have nine-to-five jobs. The whole focus is on the heroine's satisfaction, and therefore the reader's.

I've lost count of the times psychologists have tried to blame romances for damaging real-life marriages by making women dissatisfied with their partners, who inevitably come up short so to speak. If this were the case, no-one would dare go on holiday for fear of being unable to live in their own homes when they return. Most of us, after a few days or weeks away, however enjoyable and luxurious they are, return readily enough to take up the reins of our normal lives.

Surveys show that women wouldn't want to be married to romantic heroes. Imagine a Viking in bed with you – what would those boots do to the sheets?

Connection with myths and archetypes

Finally, is there a connection between the appeal of romance novels and the myths and archetypes passed down among humans since we lived in our caves? Yes, yes and yes. This may well be the strongest appeal of all, yet it is seldom explored except among writers in the field, and the occasional academic. In truth, all popular fiction taps into myths and archetypes for its mass appeal: the hard-boiled detective, the lone crusader seeking justice, appeals to our need for right to prevail. Horror fiction in all its forms, taps into the attraction of good versus evil. The best writers in each genre use the myths and archetypes to create stories which readers can recognise and connect with on an instinctual level.

In romance, Beauty and the Beast surfaces as the wild man tamed by the love and goodness of the female, who sees in him qualities no-one else recognises. Cinderella stories and vampire myths connect with

our intuitive sense that we have more inside us than the world sees. Only the romance hero and heroine are able to see these qualities in each other.

It's probably not too ambitious to say that romance novels speak to our survival as a species. The hero must be strong, rich, capable: the modern incarnation of the fittest mammoth hunter who can give the heroine the strongest offspring ensuring the species will survive. The heroine needs his genes, and some of the best fun comes from how she gets into his genes. At the mythical level, the stronger the man, the more likely his seed will survive. It's not politically correct, but genetically, it's right on the money.

For this reason sensitive new-age guys just don't cut it as romance heroes. They're the men women want to marry, rather than fantasise about. Just as in real life, you don't lose your job then gain an inheritance next day which solves all your problems. Or have a powerful, gorgeous man propose marriage to a stranger because he needs a wife for a day.

In keeping with the mythical connection, the characters must also be heroic in stature, says Mary Kirk, president of the Washington Romance Writers Association. Heroic is defined as having morally sound goals and aspirations, not behaving in petty ways and not deliberately hurting the other party, either emotionally or physically. Today only a fraction of romance novels are the so-called "bodice ripper" type that dominated the market over a decade ago. Today, all sexual involvement must be consensual.

Readers' tastes have evolved in other areas as well. In the 1980s, readers preferred fabulously wealthy heroes. Now they want more regular guys, whether farmers, mechanics or writers. As baby boomers age, romances increasingly are populated by men who have children from a previous relationship. Harlequin calls him "the sexy single dad". Even so, he's invariably handsome, capable, smart, verbal and committed to working through problems. Readers don't want to read about guys with beer bellies, who come home from work and park themselves in front of the television. Again, that's real life, not fantasy.

To the charge that romance novels subjugate women and provide poor role models, I ask you to please consider - which character always wins?

The heroine is the one whose intelligence, compassion and courage tame that most dangerous creature, the human male. In this sense, romance novels reverse the power structure of patriarchal societies by showing women successfully exerting their own kind of power.

Romance writers defy masculine convention by showing the woman as hero. It is the only genre where readers find heroines who embody qualities traditionally reserved for the hero in other genres:

honour, courage, determination and resourcefulness. The hero recognises and responds to these heroic qualities in her.

In truth, modern romances may not be about men and women at all. Possibly they have so much appeal because they celebrate the masculine elements within the female. The heroine civilises the hero by showing him how to combine his warrior qualities with his protective, nurturing side – a lesson women may well be taking to heart as they read. Jennifer Byrne at Reed Books recently asked me why the women in romances are always attracted to such bastards. The answer is simple. Winning against a wimp is no triumph. Where are the emotional stakes in loving a saint? Taming a tiger is infinitely more satisfying. As one author puts it, the critics be damned. Bring on the Cords, the Dirks and Bricks, the Lord Ravensbrooks and Heathhavens, she'll be waiting.

Just as millions of women around the world are waiting.



THE KISS OF LIFE

Susan Mitchell

Well, after five long weeks, the 1996 Federal Election is over. Now it's time for the journalistic jackals to pick over the pieces in order to determine why one side won and the other lost. So easy to be wise when you know the ending. And yet apart from Cheryl Kernot and her Democrat team, as she said, the election was waged by one set of suits against another. At times it was so dreary and so sombre it resembled an Undertakers Convention. All the commentators agreed that, apart from the adolescent bomb-throwing of the last two days, the election was as grey as the suits worn by the main contenders. Never has a more lacklustre election campaign resulted in such a dramatic conclusion. It's not just that there were no black and white issues, no clear-cut clashes or that the policies merged into a greyer shade of pale. Such was the all-pervading cynicism that it was the body politic itself that appeared to have collapsed, ashen-faced onto the streets of Australia. Even more alarming was the way people either failed to notice or else just stepped over it. Even the major metropolitan dailies failed to muster any enthusiasm for editorial endorsements. Those who did come down on one side or the other, did so reluctantly. *The Australian* and *The Canberra Times* could not bring themselves to endorse either party. And they were reflecting the mood of the country. Disillusionment, indifference and cynicism are the death-knell of democracy.

In 1990 Rod Cameron, former Labor Party Pollster, wrote a paper entitled "Feminisation: The Major Emerging Trend Underlying Future Mass Audience Response". In it he stated, "The increasing community cynicism, the eventual realisation of the gravity of national economic problems and the growth of division over consensus in social issues, will reinvigorate the search for a new style of political, corporate and community leadership and a new order of political values in which Australians will have faith". He called this new basis "the feminisation of the social agenda". Such feminisation would mean "an increasing leadership role for women in politics, business and the professions in the context of a growing disillusion with conflict and argument as the

way to solve problems. The old macho ways of proving leadership will decline and the community will respond to a commonsense, managerial style which is in touch, honest and direct.”

My book, *The Scent of Power*, begun in June 1994 and finished in December 1995, chronicles a decisive period in the history of women in Australian politics. It was the time when Australian women celebrated one hundred years of having the vote and saw how little they have advanced. We witnessed the rise and fall of Bronwyn Bishop; the resignation of Ros Kelly; the appointment and the sacking of Michelle Grattan as the first woman in Australia to be the editor of a metropolitan daily newspaper; the crucifixion of Carmen Lawrence; the victory of women in the ALP to preselect women in a third of all winnable seats by 2002; the appointment of the first woman President of the ACTU; the formation of the Australian Women's Party, and the youngest woman to enter Federal Parliament.

The book is essentially a search, a journey in which I talk to women in Federal politics, women who have been in Federal politics, women members of the Press Gallery and some male members, a male pollster and a male analyst. On one level it's a detective story where I invite the reader to fit all the pieces of gossip, research, fact, opinion, projections, reminiscence, prejudices, dreams and predictions together. The general questions which provided the catalyst for this adventure were: Was there a genuine feminisation of Australian politics occurring or was it just another media beat-up? And why now? And would it last? Was it a new era for female politicians or just a reaction to the poor performance of male politicians? Was there a genuine momentum for female power? Did women really want it enough to seize it? And even if we had more women in Canberra, what real difference would it make? Didn't it depend on what kinds of women get their hands on the levers?

Malcolm MacKerras, that indefatigable political analyst, was in no doubt as to the answers. Yes, there is definitely a feminisation of politics occurring, not just in Australia but world-wide. "It is not confined to any one electoral system and is as near to a universal phenomenon as any trend could ever hope to be". In an article in *The Australian* in February 1994, he had predicted that in 1996 Bronwyn Bishop would be the Prime Minister of Australia. One month later, however, following the results of the MacKellar by-election he declared that he no longer took Bronwyn Bishop seriously as a future leader. Not that he was alone in these predictions. The entire Australian media fuelled the Bishop bandwagon. In November 1993, the front cover of *The Bulletin* asked "Will Bronwyn be our first female Prime Minister?" By October 1994, its front page read "Whatever happened to Bronwyn Bishop?"

Carmen Lawrence, recruited from having been the Premier of Western Australia into Federal politics was greeted with headlines that resonated with notions of saviour, prophet, guru, miracle worker. "Lawrence of Canberra Ready to Cross Desert", "Brightest Star, Calls Women to Power", "Carmen's Second Act". And underlying all these words the inevitable question, "Will she be Australia's first female Prime Minister?" Twelve months later she was facing the blow-torch of a Royal Commission instigated by a State Liberal Government and fuelled by the revenge of men on her own side of politics. The woman whom many believed was seriously poised to become not only Australia's first Deputy Prime Minister but perhaps ultimately Prime Minister withstood one of the toughest assaults ever mounted against an Australian politician.

Meanwhile, across the Tasman, ahead as usual in the political advancement of women – they even granted women the vote before us – the New Zealand Labor Party had actually elected a woman as leader. Her name was Helen Clark and she had fought a bitter struggle against former Prime Minister Mike Moore. His supporters had claimed she was the candidate of a lesbian Mafia, "husbandless" women and feminist extremists. As deputy leader she believed that she should have been able to take over the leadership in the usual manner after Moore had lost the election. But he not only fought back, he used the lowest and most filthy tactics. During the leadership battle, his supporters waved placards with messages like "It's Mike versus the Dyke". What emerged was the previously unspoken misogyny in the Labor Party despite their stated progressive policies. Clark said "It brought out an unfortunate side of the New Zealand psyche, which is not to know how to handle women in leadership positions.

The media too has not known how to deal with her. She refuses TV interviews if her appearance is thought to be more important than her words, she opts for knocking on doors and community meetings. She's certainly not into the usual political ego-tripping or grand-standing. Her leadership style is consultative and conciliatory. She just keeps on with the job at grass-roots level and believes she will win through in the end.

Bill Ralston, a New Zealand TV Current Affairs host who knows Clark well, says that despite the fact that she is capable, academically bright and has put the Labor Party back on track, the main cause of her problems is that she's a woman. He says he can't think of any woman politician in New Zealand who has been popular. Clark looks forward to the time when the role of PM isn't gender-specific. She says, "When I become Prime Minister of New Zealand, Australians will be saying 'why not us?'"

The message for women who seek power is clear. The game is very tough, the issues are complex, the real emotions are mostly hidden

and the results are often disastrous. The shift of power from men to women is a minefield. Basically there are two lines of argument about how this shift should occur.

If it's just a simple matter of equity and justice then women have to push for fifty per cent of all political places in order to reflect their representation in society. That means that the goal is just women – good, mad, bad, sad, mediocre – the same range of talent and personalities as the male politicians. It won't necessarily make parliamentary politics any better but it will make it different, more diverse and fairer.

As Carmen Lawrence told Graham Richardson, "The quota system will mean that women will no longer have to be twice as good as men to get there. Mediocre men can be replaced by mediocre women". If on the other hand, as argued by Margo Kingston, a tough, young journalist in the Canberra Press Gallery, the aim is not just fifty per cent but changing the dynamic of power, by selecting the "best", the most talented, the most feminist women who are committed to real change, the task is different and more complex. And much more difficult. Because so few of these kinds of women even want to enter the bear-pit of politics, when they do they are so conspicuous, so isolated, so vulnerable, so under the media spotlight that they become prime targets for being chopped down. This has been the pattern with many of our most talented female politicians on both sides of the house.

My view is therefore that until there is a critical mass of women in Parliament, whatever their range of talents, the dynamic of power will not really change. Individual women, no matter how brilliant or how feminist will continue to be vulnerable and far too easy to destroy. As Cheryl Kernot says, "Political women have had to be super-women. With more women in parliament, they can just be human beings." Women should not have to take on the burden of being better than male politicians. Carmen Lawrence said, with uncanny prescience when I interviewed her six days before all hell broke loose for her, "If you've got to be so different that you give politics a whole new name and character, so virtuous that you can overcome the very significant negative perception that people have about politicians then your room to manoeuvre is actually very very seriously constrained. Any mistake you make then is seen as catastrophic. It's actually an impossible agenda. . . I go out of my way to bump that stuff. It doesn't stop it happening but I'd like other women too to do the same. You've got to say hang on this is a representative democracy, women as a matter of justice should be in there making decisions, wielding power, exercising influence but we can't assume that that's going to make things better. My view is that it will because we've then got a wider range of abilities and points of view. Women have been conditioned by and large to be

more polite and decent and accommodating. That's been the burden we've had to carry but there are plenty of women who don't have those characteristics. I actually would be the first to defend Bronwyn Bishop's right to exist. I don't like anything about her politics or her style but we've got to be able to accommodate the full range of women too."

What really convinced me that women in Australian politics were not just battling individual men who were jealous or fearful of losing their power but were up against a brick wall of male culture, was what finally triggered Wendy Fatin's decision to get out after thirteen years. She had been involved in a conversation with senior male colleagues about ships returning to Australia after having been involved in a war. Although she did not wish to implicate her colleagues I deduced that it was the Gulf War. She said there was a lot of nudge nudge and wink wink about the fact that with the full knowledge of the government the ships were being diverted to somewhere like Thailand for one night for what is euphemistically called "R & R". As a woman she immediately thought of AIDS and of all those women who would be waiting so eagerly, so proudly for their men to return from active service. She thought of those smiling faces and open arms, blissfully unaware of where their husbands or lovers had been the night before with the sanction of the Federal government. It is no wonder to me, or I am sure to every woman why she thought to herself "after all the anti-discrimination legislation, the equal opportunity legislation, the affirmative action legislation, the placing of women on boards and committees, in the end the male culture hasn't changed. We were still continuing the male cultural tradition of centuries. And I knew that, if I had expressed these feelings to them, they would have looked at me as if I was mad. I suddenly knew that I'd had enough. It was time for other women to carry the torch".

I ask all of you, how many women do we have to elect to parliament before governments of men, whatever their politics, stop condoning armed services visiting brothels? In the light of AIDS, how long will it take to stop it? How many women do we have to elect before the political outcome is no longer male but truly human?

How long will it be before there is a sufficiently critical mass of women in order to make parliament a fairer and more equitable institution? Joan Kirner, the matriarch of the Labor Party, believes in the "open moment" in history. She believes that a hundred years ago when women were struggling to win the right to vote, such an open moment occurred but women failed to seize it. The reason, she believes, is that "they were not ready to take the most radical step of going to the roots of power. The decision-making forums of the public and private sector. Instead, they allowed men to continue to dominate decision-making and rather than seizing *power*, women remained confined to the sphere of *influence*". She is convinced that *now* in the

1990s because of the ferment of ideas, because of the huge changes that technology is producing, now there is another "open moment" in history that women must seize, in order to share in real power and real decision-making.

Having spent the past eighteen months talking and researching and recording what has been a very interesting time for women in Australian politics, I am convinced that there is a genuine push on towards feminisation. The results for women candidates in this election bear this out. The number of Liberal women in the House of Representatives thus far has increased by eleven new women. The only party led by a woman, Cheryl Kernot, has had its best election result ever. Kernot is the perfect 1990s politician. Deanne Kelly is the first woman in the National Party.

The swing against the previous Labor government means that several of the good women candidates like Maggie Deahm and Mary Easson have lost their seats. All the more need for the Labor Party to fulfil their quota promises. In South Australia, a state with a long tradition of feminism – the first state to give women the vote in Australia and the first state in the world to give women the right to stand for parliament, the Liberals now have ten Liberal seats, four of which were won by women. Two of these seats were won by first time women against long-standing Labor members in Makin and Kingston. This reinforces the belief of Liberal women that it's not quotas that will increase the numbers but giving encouragement, support and practical training to women who want to be pre-selected.

The McNair poll published on 31 January 1996 revealed that on a two-part preferred basis, 38 per cent of women preferred the Labor Party while 62 per cent preferred the Coalition. Forty eight per cent of men, on the other hand, preferred the Labor Party and 52 per cent the Coalition. The disparity between male and female support for each party lends credibility to Cameron's prediction of feminisation. Women in particular are sick of being ignored and dismissed by arrogant out-of-touch politicians. Wayne Goss's manner and Bob Carr's method of deciding on the change in status and residence of the NSW governor are perfect examples. No longer will the Australian people, in particular Australian women, vote for leaders who claim to preserve democracy but fail to practise it. One of the strengths of John Howard's leadership campaign was his projection of himself and his party as listening, inclusive, sincere and caring. This fits exactly the feminisation theory of mood and the needs of the nineties. The testosterone driven eighties are over. The relentless daily glare of the media has exposed the emptiness, the hypocrisy and the cynicism that has been allowed to pass for politics in this country. The electorate will no longer allow itself to be taken for granted. The old ways are no longer good enough. There is a search on for a new style of political corporate and

community leadership. Australians do want a new order of political values in which they can believe.

This all points to a sense in which the community is desperate for change, desperate for a wave of women to surf in over that sea of grey suits that is our present Parliament - but as we have witnessed so many times before, wanting something to happen, especially a more equal shift of power from men to women, is not enough to make it happen.

If women are to be the kiss of life to that ashen-faced body politic lying on the pavement being walked over by the Australian public, something dramatic has to happen. With the best will in the world I don't think quotas or targets will defy the power of mateship and factions in the Labor Party. Nor do I think that electing a few more women into the Liberal Party will do it, I don't think affirmative action will do it and I certainly don't think it will occur naturally "in the fullness of time". In many respects ensuring that fifty per cent of women are represented in Federal Parliament could be argued to be more crucial and urgent than Australia becoming a Republic. Just as both political parties have been prepared to formally test public opinion on whether Australia should become a Republic by the year 2000 I challenge them to now test whether the majority of Australians would like to see a substantial percentage increase in the number of women representatives in parliament. Either a plebiscite or a national convention or some other mechanism that would test the will of the Australian people is needed. If the result is positive then the mechanics of what percentage and how this would occur would have to be canvassed in the same way that a positive desire to become a Republic would have to be translated into bipartisan action.

In Norway, legislation was necessary in order to achieve a fairer and more just distribution of power. Forty per cent of its politicians are now female. Chaos has not ensued and civilisation has not ended. Politicians of all political persuasions have for too long paid lip-service to the necessity for an increasing role for women in Australian politics. I do not think that legislation is necessarily the acceptable path in Australia, but I do think that it is time women's role in decision making stopped being treated as a passing phase.

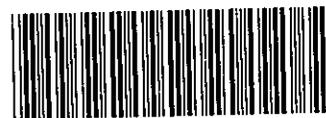
The time is now ripe to put the will of the people to the test. To anyone who opposes this notion I ask only one question: "What are you afraid of?"

Wendy Fatin remembered a time when she used to smoke secretly with her brothers under the bridge. It was just accepted that boys got a whole cigarette and girls a half. I don't think this is any longer acceptable although it is still reflected in our current parliament. In the words of the youngest female member in Federal Parliament, Democrat Senator Natasha Stott-Despoja, "Men have shown over the

centuries that they don't relinquish power, so it has to be taken or wrested from them."

Women will have to start taking power very seriously if anything is to change. As I say in the epilogue to *The Scent of Power*:

I have learnt that women in the future who want to change the world, cannot avoid or be afraid of power. They must embrace it, shape it and nurture it. If we want it we must be prepared to seize it, as rightfully ours. We must put on our armour, tie on our streamers, fill our sails with confidence and sail into that harbour. The scent of female power will be different from that of men. It will also vary among women. What effect it will have, we don't yet know. We have to believe it will be for the betterment of all human beings and will advance the course of justice and fairness. By our scent, shall they know us.



THE X FACTOR – A

PLAN TO CHANGE THE MEDIA

Ellen Fanning

Of late, much has been written and spoken about Generation X. Someone has given a younger generation a title and with it the media is constructing an identity for a group of people born after about 1960. At the same time, this group of twentysomethings has gained a sense of itself as a distinct generation competing with an older group of people for power and access to resources. A resentment of the Baby Boomers has emerged.

But isn't this just the age old phenomenon of a younger generation growing to adulthood, maturing in the work place and flexing its muscles? I may be biased but I would argue that in many ways the rivalry between my generation and the fortysomethings in the work place is quite different from any inter-generational rivalry of the past.

The reason is the extraordinary economic power of the Baby Boomers, those born in the post-war years; the social changes that have occurred in their lifetime and the cultural changes which they have helped to usher in.

Generation Xers are often accused of being wishy washy, a group of people with little in common. The term itself is one of derision. The letter X is used because no-one can think of a better way to describe us. It's more a label for marketing gurus than a term which evokes a set of realities for a generation and seeks to reflect their experiences. Importantly, it is an expression which defines who we are NOT. We are NOT Baby Boomers. Thus, Gen X defines my generation not in its own terms but in reference to the previous generation. It is a relative term.

The experience of Generation X and the media is also a relative one. The Baby Boomers are in charge of the media. To some extent, particularly in terms of television, they created the modern media. And they claim some ownership of it. They decide which stories are told and how they're told.

Unlike, a significant number of people my age who work in the media, I do not think this represents a conspiracy! Yes, it is hard to follow in the wake of a generation like the Boomers. They had the

opportunity to invent television and re-invent other media. But younger people have to start asking themselves: how are we going to make our mark on the media? My generation was brought up with television and is more visually literate than any previous generation. So when are we going to start proposing new formats, finding new ways of telling stories to a changing population?

I talked to Bill Peach this week. When *This Day Tonight*, which he hosted, first went to air in 1967 my mother was very pregnant with me. I confess, I wasn't around for the very early editions. So, I asked Bill Peach what those early shows were like and how the producers of the program had settled on its format, which has so influenced current affairs TV producers ever since. It has provided the template: a half hour show, a catchy theme, a lone presenter. The presenter says hello, the presenter introduces a tape item, back announces the item, conducts an interview, and says good night.

How did this approach develop?

The fortysomethings entered the field of journalism at a time when the possibilities of reporting for the electronic media had not really been explored. Perhaps, the experiences of the 1960s helped shape *This Day Tonight's* opening night: the Vietnam War, the sexual revolution, the changing nature of Australian society. All these elements must have helped to shape the attitudes which journalists brought to dealing with the new medium. Those who worked on the program delight in telling us they were young rebels at the time. In 1967, unemployment was virtually non-existent. From the perspective of 1996, it could be judged that it is easy to rebel if you're not challenged by economic necessity. From the accounts of the time, it seems social and economic forces combined with the novelty of the new medium produced a sort of daring rarely seen in the media today.

Back to Mr Peach. His take, on how the format developed, is simple. They found out what worked; what was logical given the possibilities and the constraints of the medium. They came up with standard ways to film stories, to edit stories and to structure them. These techniques have endured. Sam Lipski's description of the new program in the *Bulletin* in 1967 could roughly apply to *A Current Affair*, *Today Tonight*, or *The 7.30 Report*. He wrote: "It [*This Day Tonight*] is a combination of short film stories and studio interviews running for half an hour. The program will place particular emphasis on showing the people who make the news. The program will establish itself so that politicians and other public figures will come to feel that appearing on the program . . . [is] part of their public life."

I've quoted selectively here. Mr Lipski went on to point out that the big test for the ABC was whether it was brave enough to tackle the big political issues in Canberra and whether ABC executives were going to be bold enough to aim for real independence.

In the 30 years since Lipski wrote those words, much has changed but the essential magazine format and the priorities of programs are pretty much static. Why?

Bill Peach rejects the notion that the young rebels who worked for *TDT* have now become a road block to further change in the media. He acknowledges the need for change but asks where are the great ideas, the innovative formats, which have been rejected in favour of the status quo? It's a fair enough question and presents a challenge for the new generation of journalists and media players.

Before addressing the question of HOW material is presented, let's consider the influence Baby Boomers have over WHAT is covered.

The Baby Boomers have set the current affairs agenda over the last decade or so. They have economic clout due to their numbers and they have been in the workforce long enough to have a disposable income which attracts the advertisers. On commercial television this means program makers must appeal to Baby Boomers because they are the ones with the money who must be drawn in to hear and see the advertiser's message. Over the 1980s, editors and executive producers drew them in with stories about interest rates and child care and sharing family responsibilities. On the lighter side, there was an explosion in the number of lifestyle programs to cater for Baby Boomers who are renovating their homes.

When Kurt Cobain died, it took the mainstream media several days to pump out stories about the (admittedly narrow) cultural significance of the singer. But compare this to the column inches written about the 25th anniversary of Woodstock. Given these priorities, it seems inevitable that people my age will spend their careers writing stories about retirement incomes, superannuation schemes and the politics of aging.

Baby boomers are a valuable audience. They are also an accessible audience. The media in Australia and overseas has sketched an appealing myth about these people, about the unifying influences which are said to have shaped this generation. This has made it easy for advertisers and for program makers to appeal to them as a group. What is also interesting is that they are very accessible to me at 4.30 am. I have a clear idea of who these people are, what their priorities are and what they might want to hear. It's very easy to service this audience. Twentysomethings, I believe, are just as vulnerable to the appeal of the easy story as any other media workers. In this way, my generation contributes to the resistance to change.

We have inherited, without too much thought, the agendas of the Baby Boomers and the methods they developed for telling stories. We have accepted that this is just how things are done. There are certain ways to tell stories on television; there are certain rules about constructing a radio program. In fact, these formats and guidelines just

developed over time. An older generation was just ad libbing at the time, most probably.

Now the case for change.

One surprising agent for change was the ABC's *Frontline* program. Over 30 years, the audience has come to understand that television is highly orchestrated. *Frontline* showed them exactly how that is done. It revealed the motivations behind stories (ratings). It parodied the egotistical TV host and revealed that it doesn't take a genius to read an auto-cue. An example of its influence is that after watching *Frontline*'s Brooke Vandenberg construct a story, I have discovered that many people can't watch a journalist nodding intently at the interview subject without laughing.

Overall, *Frontline* proved that anything done for too long becomes a cliché. The other demand for change is more obvious: the need for innovation simply to keep audiences listening and watching.

And so to the plan.

If I really had a red hot plan to change the media, I'd be standing in Kerry or Rupert and (Brian) Johnsny's office right now and not addressing The Sydney Institute. But, here instead are some ideas.

Recently, Rupert Murdoch addressed the National Press Club in Washington. He argued that the pressure on journalists to provide instant analysis of events was affecting the quality of current affairs commentary. News, he argued, was being diluted through a prism of interpretation and comment and audiences were increasingly wary. The context is important. Rupert Murdoch wants to launch a network to rival CNN. And the politicians, who might have some say on the wisdom of such a venture, were provided with what could be interpreted as a powerful inducement – free airtime to get their message to the public undiluted by journalistic interpretation. Yet his point is a valid one.

One way to tackle audience cynicism is to increase the transparency of our initial coverage of events. The ABC's News Radio network broadcasts media conferences from beginning to end. Using the CNN model, it lets us hear everything from the moment the politician or opinion maker steps up to the microphone at the podium until he or she walks out of the room.

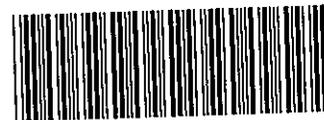
Journalists still decide what media conferences are broadcast. But the audience is perhaps reassured that beyond deciding what is broadcast, the information they are receiving is not being screened by a journalist.

If events were covered in this way in the mainstream media, it would reduce the pressure on journalists to provide instant analysis and give them the opportunity to produce more considered current affairs stories. *Lateline* is a good example of this. It's a program which is not frantically trying to provide in-depth coverage of the issues of the day

almost as soon as they have happened. Yet, as was demonstrated during the recent Federal election, it has the potential to make news by providing a forum for opinion makers to deliver more than just a twenty second news grab.

Furthermore, why can't we have current affairs programs which are less reliant on the slick four minute report from the correspondents? The US political program *McNeil/Lehrer News Hour*, which is broadcast on SBS in Australia, provides a good study. The production values are low. While I'm not suggesting that this in itself is a good thing, it does demonstrate that the program makers are more interested in ideas than in pictures. In this way, the program might seem more genuine to viewers.

The other thing we can do as journalists is work harder. We can identify different people to contribute to the national debate on everything from politics, to economics, to social issues, instead of hearing the same old voices.



WHY I WROTE

A NOVEL

Hugh Mackay

For three weeks in January, I was closeted with my family, hermit-like, in a unit overlooking the water in one of Sydney's beachside suburbs. It's a unit where I sometimes go to write, but this was a holiday with, inevitably, a bit of writing thrown in.

Towards the end of the second week, I found myself revelling in the life of the hermit. I found myself thinking, "Ah, this is what I need: uninterrupted peace, no demands from the office, no social obligations, no responsibilities, no TV, no computer . . . just me, and the sky and the lapping waves. Every writer's dream!" And then I realised I needed a haircut.

I cruised the unfamiliar neighbourhood and finally found a likely-looking place where I was attended to by Jacinta. Her colleagues called her 'Cin, which alarmed me until I realised it was an abbreviation. 'Cin talks a good deal and, while she was snipping, she told me that at the Woolworths supermarket in Neutral Bay, on Tuesday nights only, a bunch of bananas in your trolley is a signal that you're "available".

Two things resulted from my encounter with 'Cin.

First, I learned something which is bound to surface, sooner or later, in a newspaper column or a book. Second, I learned what I have always really known: that, for me, the dream of writer-as-hermit is an unrealistic fantasy. It's in my interactions with other people – in listening to what they say – that my most useful insights and thoughts occur.

Of course, I'm primarily a social researcher, and only recently a writer. But the transition from research reports to *Reinventing Australia* and *Why Don't People Listen?* and then to fiction (and my first novel, *Little Lies*) seems to me to have been a gradual, natural transition with no clear lines of demarcation between the categories. Whether I'm writing a research report or a novel, I seem to be doing the same thing: only the method is different. The purpose is still to try to make sense of what we're doing and why we're doing it.

When people respond positively to *Reinventing Australia*, their response is always about recognition: "I saw myself in your book". The question I am most frequently asked by readers of that book is: "Did you have a tape recorder in our lounge room?" In a sense, the correct answer is "Yes". My whole professional life has been about listening: sitting in people's lounge rooms or kitchens, or on their back verandahs, listening to their stories.

And whether my research has seemed to be about shopping, voting, watching TV, raising children, managing money or planning holidays . . . and whether I'm in Roseville, Greystanes, Brisbane or Bourke, the themes are essentially the same. Of course, there are superficial differences between us: some are richer, some are poorer; some are better educated, some are poorly educated; some are more sophisticated than others; some live rural lives and some are thoroughly urbanised. And yet, beneath those superficial differences, we are all on the same journey through the life cycle.

We all grow and develop, and then we diminish and die.

We all go to school where, typically, we learn much more about the art of personal relationships (than about Maths, Science or English).

We make career choices . . . often inappropriately and sometimes almost accidentally, and then find ourselves, 30 years on, still doing something we never fully intended to do.

We fall in love – often disastrously – and sometimes we even get married before we have realised *how* disastrously. Then, in growing numbers, we get unmarried. Along the way, we produce children and the cycle begins all over again. . .

The thing that strikes me about the stories of people's lives is that, generally speaking, they are all doing their best. Sometimes they give up (and it is a disturbing feature of contemporary Australian life that such large numbers of young people are giving up almost before they begin), but mostly they keep at it: mostly they want their marriages to survive; mostly they want to raise their children responsibly and lovingly; mostly they want to be useful members of the community.

But always, underneath it all, there is a sense of mystery; a sense of unanswered questions; a sense of *unfulfilment* at the very centre of their lives.

Who am I? Why am I here? Is this all there is? What should I do? How can I make the most of what's left? These are the questions at the centre of all our lives and which express the mystery which seems to lie at the heart of our existence. The more I think about it, the more I come to believe that most of the study of human behaviour is really a description of the many ways in which we respond to the mystery at the centre of our lives.

Some of us are intent on *distracting* ourselves from the mystery. Materialism is a great distracter; so is busyness. Have you noticed that the standard Australian greeting has become, "How are you? Busy?" as though we have developed a code for reassuring each other that we are managing to distract ourselves from the big questions waiting to be faced.

The abuse of alcohol and other drugs is a very effective way of distracting ourselves from the mystery, as is the process of constantly falling in love and relying on the next romance to keep our minds off those big questions. For some people, the compulsive urge to travel is just another strategy of distraction.

But sooner or later, we all find ourselves having to face – if not actually to penetrate – those mysterious questions. Sometimes a crisis – a marriage breakdown, a bereavement, a retrenchment – will sometimes trigger our engagement with the mystery. Sometimes, it is the questing of our own young children – never afraid to raise the big questions – which causes us to look for answers of our own in the process of supplying some answers for them.

An approach to the big questions involves some people in a religious journey. It encourages others to explore ancient wisdom. For some, it precipitates a mid-life crisis. (In contemporary society, the prolonged mid-life crisis has become a fashionable phenomenon: perhaps it is a healthy sign, after all.)

For some people, the desire is to find some stillness, perhaps through meditation, which will create the space where deeper mysteries can be explored. For others, writing is a way of confronting and exploring the mysterious centre. Incidentally, is that one way of distinguishing between serious literature and pulp fiction? Does one lead us towards the mysteries, while the other distracts us from them?

So that's why, for me, the writing of fiction or non-fiction has the same purpose: It is an exploration of how people approach or avoid the mystery. Whether I'm writing fiction or non-fiction, my purpose is "interior". My interest and my focus are on what goes on inside people's heads. I'm afraid I am inclined to regard all behaviour as symbolic.

I detect some mild disapproval in people's reactions to the writing of my first novel. Why switch genres? Why, in particular, not simply produce a sequel to *Reinventing Australia*?

I have two responses to such questions.

The first is that I strongly resist the idea of writing sequels. I know the world is obsessed by sequels, but I'm not. I am amused by the story of Alan Bennett whose play, "The Madness of King George", should have been more accurately titled, "The Madness of George III". However, it was pointed out to Bennett that, in the American market, a movie called "The Madness of George III" would perplex audiences

who would wonder whether they had missed the earlier film, "The Madness of George II" . . .

The second reason why I resist the reworking of earlier material has been captured in a comment made by Albert Camus in his essay, "The Enigma": People want the man who is still seeking, to have already reached his conclusions.

I regard myself as "the man who is still seeking". Moving between both genres (the novel and social research) seems to increase the opportunities to reach some conclusions. If the act of writing itself can be a process of exploration, then, it seems to me, the exploration will be more complete if I keep approaching it from *new* angles.

So what about this particular novel, *Little Lies*?

As you might expect, this is a novel about the tension between our desire to distract ourselves from the big questions and our desire to face them. It is also a novel about perceptions and prejudices; about how we filter reality to make it fit our own needs; about how we create our own propaganda to suit our own purposes. As the central character in the novel puts it:

You have to draw you own pictures . . . make you own sense of your life. We all construct our own little realities. We all create our own little myths.

The novel presents the story of Cole Britton, a fast-fading ABC broadcaster whose life is crashing around him. His story is presented first by Cole himself, and then by a 25 year-old woman, Georgina, with whom Cole is currently infatuated. Finally, a third perspective on Cole's story is offered by Keith, a former colleague of Cole, who has become a drunk, a drop-out and a roué.

At one rather obvious level, therefore, *Little Lies* is a kind of psychological jigsaw puzzle. It is a challenge to us to try to sort out whose version of events is "true" and, perhaps more perplexingly, to decide on what basis we would judge one storyteller to be more credible than another. To that extent, *Little Lies* is about the eternal communication problem: the fact that we all see the world through the filter of our own attitudes, prejudices, values, passions and lusts.

And then, as we tell our own stories, we apply the same filters. We interpret and describe what is going on in ways which satisfy our own ego-needs. We describe the world from our own point of view, and in ways which seem to enhance our own position in it. We put our own spin on our own version of events. We tell "little lies". These little lies – these personal interpretations – are nothing more than our inevitable distortions of reality through the prism of our self-serving subjectivity.

But *Little Lies* is not just about those "little lies". It is about their consequences. The more we confuse perception with our own propaganda, the more our little lies accumulate into the ultimate "big lie". And that big lie is that we ourselves are important; that we are

located at the centre of our own moral universe; that we are on a pedestal where we deserve to be. In other words, *Little Lies* is a book about the personal corruption which results from taking ourselves too seriously and from being seduced by self-importance.

It is often claimed that wealth, fame and power are the great corrupters. Yet it is obviously true that many wealthy people have not been corrupted by their wealth; many famous people have retained their humility; some people have even handled power lightly and wielded it benignly. The problem about wealth, fame and power, though, is that they create the disposition to take ourselves too seriously and to think of ourselves as being VIPs. But it can happen to any of us. It happened to Cole Britton in *Little Lies*, simply because he believed in his own fame and his own importance . . . even in the absence of any corroborating evidence.

The tragic consequences of taking ourselves too seriously is, of course, that we devalue other people; that we treat them as objects; that we put them down to the extent necessary to keep ourselves pumped up. In Cole Britton's case, all his personal relationships have been devalued by his own self-importance. When he speaks of his recently-deceased father, all he can say is this: "When someone wants to go and they're long past their use-by date, there's not a lot of joy in their company."

Cole mocks his colleagues, the guests on his ABC program, and his neighbours. He mercilessly criticises his three ex-wives (though, in the case of one of them, he regards his response as being particularly fair and reasonable: "You can't blame Carol entirely: she was simply mad, and I accept that"). Most poignantly, Cole reflects on personal relationships in general and, lacking fulfilment in his own, he takes the refuge in cynicism about other people's: "Do other people ever really relate, do you think, or is everyone just getting what they want out of everyone else?"

Who is Cole? He is certainly not any recognisable ABC Radio – or other media – personality. Nor, I hasten to add, is he me, except to the extent that every fictional character draws on some part of its author. But if you believe, as I do, that there is such a thing as "the human condition", then every character contains bits of all of us. Cole stands for the temptation which confronts all of us: the temptation to take ourselves too seriously. That helps to explain why we find him such an appalling character. This is a book about corruption, after all, and none of us enjoys acknowledging our own corruptibility.

So if you feel like hitting Cole, or simply cringing, then I hope you'll pause to think about why he so appals you. I hope you might reflect on the possibility that when it comes to the apparently trivial little lies of personal propaganda, there is more at stake than mild deception. It's the accumulation of our own little lies about ourselves that prevents us, in the end, from seeing ourselves as we are.



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US-JAPAN TRADE

RELATIONS

Edward Lincoln

After speaking to groups around Australia, what I would like to do here is to try to go through what has been happening in US/Japan relations and answer several questions that Australians tend to have. My impression is that many people in Australia may be disturbed by the noisy nature of US/Japan relations. You won't be surprised to discover that I'm here primarily to tell you not to worry. The relationship may look noisy but in fact it is in relatively good shape.

To start off perhaps I should explain what we perceive the problem to be, if there is a problem in US/Japan relations. The problem of course is on the economic side. On the political side we have a strong security relationship with Japan despite the ups and downs and unfortunate events like the Okinawa rape case which occurred last year. The commitment of both governments to the security relationship remains rather strong. On the economic side the problem has been primarily a perception on the part of the Americans, and I would add on the part of many other foreign countries, that access to Japanese markets is difficult; that it is more difficult to penetrate markets in Japan than those of most other industrial countries.

Now notice I didn't say Japanese markets are closed. Sometimes American politicians will get up and say, "Those Japanese, their markets are totally closed." Well we know that's not the case. We do export to Japan. In fact Japan is a big export market for the United States. But relative to other countries we perceive that getting into those markets is difficult. A number of economists, including myself before I went into government, had done studies which show that, relative to other countries, foreign products do not flow into Japan as readily. And on the policy side you can always argue, as the Japanese sometimes do, that Japan has a difficult and unique language and different customs which foreigners just don't understand.

Take for example, clothing. The Japanese do tend to be somewhat differently shaped than Westerners on average. But culture, language or anatomy do not matter for something like semi-conductors

or electrical generating machinery. American companies often run into what we consider barriers to entry that ought to be reduced. And on the consumer side what we often see are relatively large price differences between Japanese markets and other markets. Just to give you an example. The price of dog food in Japan is triple what it is in the United States. I've noticed most Japanese seem to have small dogs. Maybe that's the reason why. They can't afford bigger ones. Perhaps the most telling anecdotal evidence is that every year the US Trade Representative (USTR) is required to supply to Congress a report on trade barriers around the world. The report has to explain what USTR is doing about easing those problems. The number of pages in that report devoted to Japan exceeds that devoted to any other country. This has been the case since that report began back in the 1980s. The relative number of pages doesn't necessarily prove that Japanese markets are more difficult to access, but it does prove that in Washington we perceive more problems than in other countries, problems brought to us by American companies trying to get into Japan.

Let me also emphasise that the problem is not macro economic. The problem is not that United States has a trade deficit with Japan, or that Japan has a global trade surplus and a current account surplus. These imbalances do exist and occasionally politicians say, "Well of course our problem with Japan is this big trade imbalance." It's not. I am an economist and I happen to believe what most economists believe, that trade barriers and trade imbalances are largely unrelated. If the market for automobiles in Japan were more open, certainly the import of automobiles would go up, but that increase does not necessarily translate into an equal reduction in Japan's bilateral or global trade surpluses. What politicians are doing is using the trade figures as political rhetoric when what they're really interested in is probably that one of their constituents or some company in their district is having trouble getting into Japan. In addition there is also a broader sense of unfairness in the following sense. Americans perceive that countries with large surpluses should be the leaders in the global movement towards more liberal trade. Great Britain played that role in the early 19th Century. David Ricardo may be regarded as a brilliant economic theorist but his writing was part of a political debate in Britain which led to lowering trade barriers – at a time when Britain was very successful in global markets.

The United States played that role after World War II. We had large trade surpluses, and were one of the key players behind the establishment of the GATT and the movement in the 1950s to 1960s to bring down trade barriers. So Americans think that the Japanese ought to be playing that role now, since Japan has the big surpluses. They can afford to be generous to the world. They're not. In the

Uruguay Round, for example, they were among the laggards, one of the countries that was resisting key concessions until the very end. So Americans believe Japan is not behaving the way we think it should behave. Japan has had a protectionist history for most of the last 50 years. Japan developed a large trade surplus only in the last 10 to 15 years and the belief that it should immediately flip-flop from wanting to protect the markets to being more generous to the world is probably unreasonable on our part. But that's what people think.

So what has the Clinton Administration done? The Clinton Administration came into office aware of the things that I have just described to you. As a result, the administration wanted to increase the level of attention devoted to trade problems with Japan. The security treaties seemed to be in good shape, but we needed to resolve trade problems or else there was potential for a long term corrosive impact on American attitudes towards Japan which would ultimately undermine the security treaty. Nations tend not to maintain close security relationships with countries they don't get along with very well. So the administration felt it had to do more than the previous administration to deal with these problems. The first step in that process was to negotiate something called the Framework Agreement in the summer of 1993. The Framework Agreement was precisely what it says it is; an agreement to govern the nature of bilateral economic dialogue for the next several years. It did a number of things. First of all it raised the level of attention. It requires the president and the prime minister to get together at least twice a year and at those meetings, among other things to discuss economic issues. This was in reaction to a situation in the 1980s when generally at US/Japan bilateral summit meetings the president and prime minister did not discuss economic issues, which were very carefully kept off the agenda. After the Republican presidencies in the 1980s, the Democrats said that these issues should be on the agenda.

The second thing that the Framework Agreement did was to emphasise the breadth of our relationship. On the one hand it offered a list of trade issues to negotiate over the next couple of years. At the same time the Framework Agreement specified a macro economic dimension. It says the two countries will engage in frequent bi-lateral meetings to talk about macro economic policy and, if not coordination, at least engage in consultation. And we've done that.

The third thing the Agreement specifies is a common global agenda. We may fight like cats and dogs about our trade problems, but simultaneously we want to demonstrate to our own public and to the rest of the world that we are perfectly capable of co-operating. So we defined a set of global issues – not necessarily straight economic issues – but a set of global issues on which we could co-operate on a bilateral basis.

The fourth thing the framework did was to introduce a new concept which immediately proved to be somewhat controversial called "Objective Criteria". Actually the new concept was broader than that but the focus of the press was on these two words. The concept here was that when the two countries signed a trade agreement, that agreement should include a follow-up process that would bring the two governments together periodically after the agreement is signed to ask 1) Was the agreement implemented? 2) What was the impact - what happened to the market after the agreement was signed? Frequently in the past agreements were signed but the governments forgot about them. The government assumed decisions were implemented and assumed that everybody was happy. Two or three years later, the same industry would be back on our doorstep in Washington saying that nothing happened. There are cases such as cigarettes, beef and others where we went through many negotiations during the 1980s scraping away layer after layer after layer of problems.

This time the new Clinton Administration said that it would be a good idea to follow up so we don't have to wait for the industry to come back at us and complain again. In doing so we will look at what we call objective criteria, such as the sales of foreign companies into these markets in Japan. On the other hand we will also ask how much effort are they are making. If we are dealing with the government procurement of medical equipment in Japan, for example, not only are we going to look at how many bids the foreigners win, but how often the foreigners submit bids. Were they interested in participating in this market? We are willing to look at both sides, but we feel that it's important to have a follow-up process.

What was the outcome of all this? Let me start with the easy parts. On the macro economic side we feel that our bi-lateral dialogue has gone quite well. In the first few months, from the autumn of 1993 through early 1994, we were putting considerable pressure on the Japanese government, as were other G7 countries, to follow a more expansionary fiscal policy. The Japanese economy was in recession at that point. We told them recession wasn't good for them, and not particularly good for us. We told them we wanted their economy to grow because one way to export more to Japan was to have a growing Japan. At that time the logical policy choice was to follow a more expansionary fiscal policy. Particularly, we supported those in Japan advocating a cut in taxes. Only the Finance Ministry was opposed. There was some tension at the time but eventually the Finance Ministry came around.

The second area of the framework, the common global agenda has also gone very well. Every time I talk with people in the US Embassy in Tokyo who work on this aspect of the relationship, they express great satisfaction at what has happened in the past three years.

We now have over 50 individual projects on which we are cooperating, including vaccination programs for children in poor developing countries, protection of coral reefs in the South Pacific, re-forestation of rain forests in South East Asia, control of air pollution, water pollution control in Eastern Europe and Russia, joint research on AIDS and, a new one for the Japanese, some joint work on narcotics interdiction in South America. So the common global agenda covers a wide variety of programs which seem to be going very well. That leaves trade, the difficult area.

As you know, the past two years of US/Japan relations involved very intense and very difficult trade negotiations. The Framework Agreement had specified a fairly long list of areas in which negotiations would take place simultaneously. At the peak of the tension we came within several hours of imposing 100 per cent import duties on Japanese luxury cars as we were approaching a deadline in our negotiations on automobiles and autoparts with Japan. However, the important news is that we got through all of that. We did not have to impose those sanctions on Japan and we have achieved agreement on all trade issues that were specified in the framework. We've also achieved agreements on other issues that were not included in the framework. Altogether in the past three years the Clinton Administration has signed some 20 trade agreements with the Japanese that are Framework related or Uruguay Round related. At the moment we are relatively pleased with this success. Not only have we signed a relatively large number of agreements with the Japanese but we see imports to Japan at the present time rising rather rapidly and rising particularly rapidly in many of the areas that have been subject to trade negotiations.

Let me turn from this narrative of what we have done to answer questions that Australians often have about this relationship. The first is why does it have to be so noisy? Why is the United States so threatening in some of these negotiations? Why can't we negotiate in a quieter, more gentlemanly fashion? Believe me we'd prefer a quieter approach. Most US trade negotiators assume they can do that when they begin a process of negotiating. But I want to impress upon you that negotiating with Japan is very difficult. And I say that particularly because I know many Americans became encouraged back in 1993 when Mr Hosakawa became the first non Liberal Democratic Party prime minister in Japan since the 1950s. Since he supported deregulation, opening markets and reforming Japan, there was a wave of enthusiasm in the United States that Japan was going to be different - trade negotiations would be easy because the Japanese wanted the change too. They were getting tired of paying high prices, they were getting tired of seeing markets protected so they couldn't get high quality, low-cost foreign products. But this did not happen.

Mr Hosakawa may have genuinely believed in reforming Japan but we were dealing with the same bureaucracy. The bureaucrats don't change when the prime minister changes, and even when the majority party changes. Each ministry has a minister who is a politician and one parliamentary vice-minister but nobody else in the ministry changes. And the attitude of those bureaucrats did not change; they still operated on the presumption that their duty was to not make concessions. Their duty was to minimise what they give up. From my perspective as an economist I think this is foolish. Free trade is a good thing for everyone. Japanese bureaucrats talk about the benefits of free trade, but that is not how they behave when they sit down at the negotiating table.

So when we try to be quiet the result is very often that nothing happens. There is no progress at the negotiating table. Then the negotiators are faced with the prospect of either dropping the issue, deciding that we don't care enough about the issue to pursue it further, or trying to find a way to raise the level of pressure. If the Japanese don't want to agree, what will convince them to make an agreement? There are many choices including going to the WTO or using our trade laws. Reluctantly, when there is no progress we choose to raise the ante, as we did in the case of automobiles. This is a sad reality in dealing with Japan. American trade negotiators tend to become more frustrated more quickly with Japan than they do with many other countries. With most countries, negotiations involving reasonable progress go on towards some centrepoint of compromise. It's harder to identify such progress in negotiations with Japan, and this leads to harsher tactics.

The second question I wanted to address is why the United States insists upon pursuing a bilateral approach with Japan instead of taking its issues to a multilateral forum like the WTO? We're all in favour of using the WTO, and we have used it already in its first year of existence. We intend to continue using it, but there are three things to keep in mind about US/Japan relations in this context. First, many of the issues we have with Japan are not disputes about violations of past agreements. The WTO has a dispute resolution mechanism. If you have a problem with your trading partner in which you believe that the trading partner has violated an agreement that is part of the WTO, then you can complain. The WTO will then convene a three-person panel which will make a decision as to whether your partner has violated the WTO or not. But if you want your trading partner to make an additional trade concession, you can either negotiate bilaterally or wait for one of the big multilateral negotiating rounds, of which we have several in the post war period. But the big rounds don't happen very often. The Tokyo Round ended in 1979. The Uruguay Round did not begin until 1984 and it then took ten years to complete. So imagine a

company that bumped into a trade barrier that nobody knew existed before. It comes to Washington, complains to our government and our government tells the industry to wait ten years for a multilateral round. The product lifetime in many industries is closer to 18 months than ten years. Industries can die in ten years. So it's not politically viable to tell a company that it should wait a decade to have its problem with Japan resolved. The only other choice is to negotiate bilaterally.

Second, when we do have disputes with Japan, either the industry is not covered by the WTO or the behaviour patterns are not covered. For example, at the present time we are engaged in a dispute with the Japanese Government over the insurance industry in which we signed a bilateral agreement a year and a half ago to open up the Japanese insurance market. We believe that new rules for access to the insurance market devised by the Japanese government violate the terms of that agreement. We can't take that dispute to the WTO because the WTO does not cover the insurance industry. The WTO mainly covers trade in merchandise goods, not services. Even in the case of automobiles, which is covered, the behaviour that we were objecting to in Japan was not tariffs or quotas. The WTO, and the GATT before it, deals primarily with tariffs and quotas. In the automobile industry we were concerned about issues such as competition policy. For example, automobile dealers in Japan have the legal right to sell more than one brand of automobile, but virtually none of them did so because of fear of retaliation from their primary Japanese supplier. If a dealer who is selling Toyota cars tells Toyota that starting tomorrow he is also going to sell Ford, he would be afraid that the relationship with Toyota would be so badly damaged that he would go out of business. Stories of these kinds of threats were filtering to us on a fairly regular basis. What we wanted was a clarification of the anti-trust policy so that the dealers would not feel intimidated by the manufacturers. The WTO has no anti-trust policy. So we had to proceed on a bilateral basis.

Finally, a question I hear frequently from both Australians and Europeans is whether the United States is just carving out a special deal for itself in Japanese markets. Obviously when we negotiate with Japan on a bilateral basis we do so because we believe American firms are competitive in that industry. When we think American firms would gain sales or market share we choose to negotiate. But the agreements which we negotiate with the Japanese are all Most Favoured Nation agreements. We have never signed an agreement specifying special benefits only for American companies. Many of our agreements are about regulatory change in Japan. Changed regulations, apply to Japanese companies, American companies, and other non Japanese companies. And in fact other countries do quite well. The United States did much of the work in battering away at barriers in the Japanese beef market. Your government did also but quite frankly we

had more clout than you did. We took the Japanese to the GATT on beef and they conceded. The quota on beef was eliminated and replaced with a tariff, (initially a very high tariff of 70 per cent, which is now coming down). Foreign beef sales in Japan have increased tremendously over the past decade and you have a bigger market share in Japan than we do. American beef producers have benefited a great deal from more open markets in Japan and the fact that others – like Australia – benefit as well is not something that bothers us.

This is true even for semi-conductors, an agreement that has frequently been cited by critics. The semi-conductor agreement suggested that the foreign market share in Japan should rise to at least 20 per cent, a level that has now been exceeded. The presumption of the critics is that the Japanese knew who to please – the Americans. At the margin, however, the Japanese have chosen to buy South Korean semi-conductors. The US market share in Japan went up from roughly 8 per cent to about 16 or 17 per cent, while the South Korean share in Japan went from zero to 8 per cent in the last three or four years. The pattern of Korean gains continues, and American firms are not particularly pleased that their market share has stagnated. The US government is not going to change its attitude though. We will stick to agreements that are on a Most Favoured Nation basis, and accept the market outcomes.

Joining together on trade issues in Japan would be nice. Working together on a problem like beef, or semi-conductors is useful and sometimes happens. We are currently working with the EU on a WTO case on Japanese liquor taxes. I would prefer that we cooperate more frequently and am not sure why it does not happen more often. Part of the answer may be political timing; when one country is interested in pursuing a particular topic may not be when other countries are interested in so doing. Part of the answer may be differences in desired tactics; the Europeans don't like the American style. And part of the answer may just be personalities. So there isn't as much cooperation as one might like, but at least upon occasions it exists.

In conclusion US/Japan relations are often noisy but we believe that the problems justify the noise. We've resolved many of the recent problems. As a result the relationship is a bit quieter right now and we are now relatively pleased with the progress on market access issues.



FUTURE

CHALLENGES FOR THE UNION MOVEMENT

Jennie George

Thank you for the opportunity to address you this evening. The Sydney Institute is an important public policy forum, so I am pleased to have the opportunity to put forward the ACTU's views on the challenges facing the trade union movement.

With the election of the Howard Government we have closed a chapter on what I consider to have been a unique and successful economic partnership between the Labor Government and the union movement, known in its various undertakings as the Accord. In essence the Accord's central premise was that in exchange for the unions' agreement to pursue moderate wage outcomes, the government would commit itself to implementing a range of social wage benefits and economic policies aimed at increasing employment opportunities.

In drawing up the initial Accord agreement it was important to dispel the view that Labor in government was a poor economic manager. It needed to have a credible and effective inflation policy and an alternative economic strategy to the policies being pursued by Malcolm Fraser and John Howard. During their term of office, growth proceeded in fits and starts, in an essentially high inflation environment. The degree of inflation control that was achieved, was through low growth and high unemployment. A major wages blow out in the early 1980s led to the Fraser Government facing an election in early 1983 with both double digit inflation and double digit unemployment. In 1983 few would have predicted that the Accord concept would have lasted as long as it did, or have been as effective as it was in enhancing economic and employment growth and facilitating the structural transformation of the Australian economy.

The union movement determined its wages policy with due regard to the goals of economic policy generally and knowing that social wage reforms would enhance the living standards of workers, with special measures such as family payments targeted to those in greatest need. The totality of a family's living standards, and their disposable income, became the focus, rather than just the gains that

could be achieved by bargaining around the industrial wage. Throughout that period the union movement consistently acted in the national interest. Regrettably, that contribution is neither properly understood nor appreciated by the Howard Government. Let me provide a few examples to illustrate my point.

- In 1985 following a collapse in our terms of trade and the consequent serious devaluation of our dollar, the union movement agreed to a wages/tax trade off and the introduction of superannuation as a deferred wage rise.
- In the last two Accords, priority was given to employment growth with specific employment targets. The Accord Mark VII target of 500,000 new jobs in the period 1993 to 1996 was met in two years with approximately 720,000 new jobs created over the full period.
- As well as the commitment to employment and sustainable economic growth, inflation fell from double digit figures to historically low levels. In the last Accord the unions accepted that wage outcomes should be compatible with the Reserve Bank's underlying inflation target of 2-3 per cent.
- The Accord partners were motivated to ensure reasonable industrial and social nets were in place during the period of economic restructuring in order to ameliorate market inequalities and maintain social cohesion.

The Howard Government has rejected the Accord approach and philosophy. In so doing it must appreciate that unions will now pursue their own wage claims in the market place. The ACTU no longer has a co-ordinating role to play in this area. Only time will tell how this government manages the economic levers in the absence of an agreed incomes policy.

Further, the government cannot have it both ways. During the course of the election campaign, Mr Reith constantly argued that the Accord had led to wage restraint and that workers had suffered. Free from the shackles of the Accord, the prospect of larger wage increases were trumpeted loudly and often. Many workers believed him and large numbers took the risk by voting for the Howard led team. There are signs already that the government's tune has changed, with repeated references now to the irresponsibility of some claims that are being pursued by unions. Wages being determined in the marketplace, however, means just that. The metalworkers claim of 15 per cent over two years is against the background of increased profits and productivity in that sector. The industrially strong will do quite well under this system. The ACTU, however, will continue to accept national responsibility for those workers with little bargaining power – the 30 per cent or so of the workforce who have relied totally on the eight dollar safety net adjustments through the Australian Industrial Relations

Commission. It is our intention to pursue a national claim for the low paid, to set new standards in terms of a living wage for the 1990s.

Despite media beatups about a "wage explosion" wage settlements within enterprise agreements have remained modest over the last twelve month period – with average annual wage settlements between four and five per cent. While the inflationary potential of wage agreements always receives attention, rises in company profits, executive salaries and directors' fees rarely receive the attention they deserve. Company profits soared throughout the year and if a wage breakout was happening in 1995 it was concentrated among senior executives and company directors. A survey undertaken by Egan Associates found that Chief Executive incomes rose by 8 per cent and payments for company directors by nine per cent in 1994. Indeed, this appears to be part of a longer term trend toward above average growth in executive salaries. The Prices Surveillance Authority calculates that executive salaries rose by 58.6 per cent between 1988-1995 while earnings for all sectors rose 38.4 per cent for the same period.

The end of the Accord era has drawn a good deal of commentary, but none as perceptive as the analysis provided by Gerard Noonan writing in the *Canberra Times*. He writes (14 March 1996):

The incoming conservative government has tapped a deep spring of selfishness in the national psyche which accepts the benefits offered by co-operative arrangements such as the Accord, but is very shy of taking any pain at all in achieving such outcomes.

There are many in the workforce who will, for the first time in their working lives find that the world is not a comfortable cocoon where someone else looks after their interests. Almost an entire generation of workers has grown up in an environment where someone else has done the hard yards in securing tax benefits, or wage increases for less skilled workers, or superannuation or better child care deals or improved holiday arrangements.

In the brave new world which the majority have chosen by their vote, they may face an altogether different prospect to that which was provided by the comfortable predicability of the Accord years.

They may find that, unless they have got a peculiar talent of their own, or choose to act in concert with others to ensure they get a fair and reasonable slice of the action, they will get left behind in the rush.

And those who do belong to more powerful unions or work in particular strategic positions can expect to extract more out of the system.

Is this fairer or sensible, Noonan asks? A rational man would surely say "no" if there was a sensible alternative. A lopsided outcome with the prospect of renewed inflation does not look very smart, but it is the way the nation in its current mood has chosen. If an electorate chooses knowingly and by a convincing margin to end such arrangements, the only sensible option for any pressure group in the community is to accept the verdict and get on with it.

In meeting the challenges ahead, we need obviously to reflect on the reasons why large numbers of blue collar workers voted for the Coalition. There has been a growing trend in tradespeople moving out of paid wages employment to self-employment – creating their own small business, and thereby being more open to the pro small business policies of the Coalition. For those workers in paid employment, I think we have all underestimated the extent to which challenges in the workplace have led to feelings of insecurity and reduced job satisfaction. In the move to a more decentralised wage fixing system under enterprise bargaining, change came with some pain, and simply put, a lot of workers just do not like it.

A recent extensive work based survey undertaken by the Department of Industrial Relations pointed to significant changes occurring at work and noted the responses of workers.

- When asked how the changes had affected them – almost 60 per cent said that the level of stress in their job had risen.
- Sixty per cent said they were putting more effort into their job.
- Two thirds said they were performing a wider range of tasks.
- More than a quarter felt that their job security had deteriorated and about a quarter felt that opportunities for promotion had declined.
- Almost a third of workers were less satisfied with their ability to balance work and family – this in turn may well be linked with the fact that about a quarter said they were working longer hours.
- Whereas, 58 per cent of managers believed that enterprise bargaining had increased employee satisfaction, 34 per cent of employees said their job satisfaction had decreased.

I am sure that this disaffection spilled over into the political arena. Should the policies of the Howard Government lead to a heightening of these feelings of insecurity, as I believe they will, then inevitably they will pay a political price. Over the next few months much of the debate will centre on the government's proposed legislative change to the industrial relations system. The union movement will seek the support of the minority parties in the Senate to amend sections of the legislation which we believe are inconsistent with the government's mandate or changes for which no mandate exists.

Let me give a few examples. Workers remember the clear and unequivocal assurance given by Mr Howard that their take home pay would not be cut under a Coalition government. We argue that a system which promotes individual and secret contracts of employment, without any pre-agreement checks, would in fact leave many workers in a vulnerable position open to the possibility of signing away their rights and entitlements. Similarly, we do not accept that the government has a mandate to reduce the powers and role of the industrial umpire – the

AIRC – whether it be its traditional powers of settling disputes by compulsory arbitration, or in the making of awards or in overseeing enterprise bargaining. When John Howard told workers that they would have a choice of remaining in their current award or entering a workplace agreement, they understood it to mean just that. Now large numbers of workers, teachers, nurses and public sector employees, are facing the possibility of having their awards (paid rates awards) altered by legislative fiat. Clearly, no mandate exists for the repeal of the ILO Convention on Equal Remuneration which has provided the basis for our current Test Case on discrimination in overaward payments.

The legislative framework that finally emerges is important to the extent that it can provide protection for workers, both union and non-union, against possible exploitation and discrimination. But no legislative package and for that matter no government can ensure the survival and effectiveness of the union movement in the future.

Ironically, it was under a sympathetic Labor government that we witnessed a substantial decline in union membership. It may well have been because under the Accord era benefits flowed to all. Why bother joining when you can get it all for free? As well, because the outcomes were negotiated centrally at the peak union level, workplace organisation declined. Unions were not seen to be the agents delivering better outcomes at the workplace. As a consequence, one of the basic tenets of unionism was devalued – that by acting collectively and belonging to a union results in real and tangible benefits – that there is a genuine premium for signing up and remaining a union member. The new industrial relations environment offers us some exciting possibilities to reassert the value of unionism, particularly among workers who will feel their vulnerability when faced with the prospect of negotiating on their own.

Turning around the decline in union membership is our *greatest* challenge and it will require from unions, more than just lip service to the task. First and foremost it means getting back to the grass-roots, listening to and being active in the defence of workers' interests. Unions have to be seen as delivering tangible industrial benefits, but beyond the scope of wage outcomes alone. It also requires a re-think about the kind of services workers actually want from unions and not to fit them with the prescriptions of the past. It may be the case that lots of workers, particularly in small business are seeking our assistance on a one off basis that might be accommodated on a fee for service basis. Or maybe an associate membership category, for workers not requiring the traditional forms of union representation, but may wish to avail themselves of our research services that analyse wages and conditions outcomes on an industry basis.

We need to stop thinking that the way we have always done things is sufficient to meet the challenges ahead. The cultures of the past are

no longer sufficient to embrace the aspirations of the workplace today. The traditional base of unionism has declined, substantial changes have occurred both in the composition of the workforce and in employment arrangements. The diverse labour markets often require quite different strategies and priorities in satisfying their aspirations, and in proving the benefits of union membership.

What women with family responsibilities see as being industrially important to them, is quite different to the needs of young people; and those working on a part-time, casual and contract basis will have different needs to full-time employees faced with working longer hours and declining job satisfaction.

The challenges are many – but as long as we approach them with new and creative solutions, that we learn from the past, but are focussed on the future, then I believe that the union movement in Australia will continue to be an effective force for progress and justice in our society. *



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GOLD ON

THE INTERNET

Alan Gold

I first began to research the Internet about two years ago while writing one of my novels, *The Final Candidate*. The reason for my interest was that I have always been fascinated by the interplays in the nature of authority, and during the research phase for the book, I took the opportunity to re-read the works of the French philosopher and historian of ideas, Michel Foucault, who wrote extensively on the two major power relationships which have been extant throughout human history – overt power, the power of kingship and government, the power of employer and prerogative; and its handmaiden, covert power, the power of institutions, of networks, and of secretive groups. And it was my exploration of the nature of power which led me to examine the Internet.

It's somewhat ironic that Foucault died in the auspicious year of 1984, because that's just when the Internet first began to find its way into the public domain. Foucault would, I'm certain, have been delighted with the Internet; because it forms a third hierarchy of power, the power of the people. The Internet is largely free of the constraints of outside authority. It is self-governing, self-censoring, and organic.

But there was another part of my professional life which also led me to the Internet – my work as a consultant in marketing on behalf of large Australian corporations. It was as a marketing man, writing my forthcoming book, *The Death of the Salesman*, that I came into close encounters with the third kind – the power of the Internet.

My conclusion is that as the technology continues to create new opportunities, those who fail to avail themselves are likely to suffer. And I'm not just talking about academics or school students or teachers, or hapless parents who look on in amazement as their children's fingers skate over a computer keyboard. I'm talking also about business people – retailers, service providers, professionals like lawyers and accountants and real estate agents and insurance salesmen. I'm talking about the potential death of the salesman. Bear with me, and I'll show you where I'm coming from.

Tonight, I want to take you on a journey. A journey which will take us in space and time from the distant past into the very near future; a journey which has its roots in ancient Judea and is now to be found somewhere in cyberspace.

It's a very important journey, because as we progress, we will see that there are some early, worrying signs for the safety and security of the largest employer in the world – small business. And we'll posit the hypothesis that unless small business people join us on the journey, they will be left far behind. But there's no need, provided they adopt a new and exciting technology happening right now, on a computer screen near you.

What I want to talk about is the world of the Internet. Now everybody in this audience will have heard of the Internet. Nobody who reads, listens or views the media can possibly have failed to have been witness to the disparate views that the Internet is at the same time the greatest communication development in history, and the greatest threat ever invented to the moral welfare of youngsters. My own moral welfare has been greatly compromised as, in the course of my research, I've had to endure untold hours of pornography on the Internet. Months of research, in fact, until my wife put a stop to it.

But before we begin our journey, let me introduce myself – on the Internet.

(at this point, Alan Gold's homepage is flashed up on the screen, and he talks the audience through his books.)

You may be wondering where that information about me is stored. I don't know. I know that it's somewhere on a computer. I also know that it's available to anybody who has my cyberaddress – <http://www.cg.com.au> – and I know with absolute certainty that as many as 40 million people can visit my address at any time of the day or night to read samples of my novels. In fact, no novelist in history – save of course Jane Austen, Charles Dickens, James Joyce, and a few others – have ever enjoyed such a wide potential readership.

So what is the Internet? From where has it suddenly arisen? Who owns it . . . who organises it . . . who pays the bills? The Internet was created out of the hysteria of the Cold War, when American scientists wanted a national linkage of computers in case one site was knocked out by an atomic bomb. From here, it spread to academia, then to students, and since the end of the 1980s to the parlours of computer owners in virtually every country in the world. The Internet is now used by academics, researchers, schoolchildren, business and service providers, sexual deviants, propagandists, rednecked bigots . . . in short by anyone with a computer and a modem.

The first thing to understand about the Internet (and probably the most difficult to grasp) is that there is nobody controlling it. It is a giant conjunction of people meeting in hyperspace through computers. The Internet operates independently of any government, organisation or business body. Computers communicate with each other through modems which currently link through the telephone lines into Internet Service Providers.

This incorporeal web links almost every university, government body and increasingly, commercial sites such as museums, entertainment providers, business corporations, professional bodies, education establishments, common interest groups, sporting groups, and others too vast to name.

There are far too many organisations which have linked themselves into the Internet to be discussed tonight. It is so vast, in fact, that nobody has a clue just how vast it is. It is even a wild guess to say that there are 30 or 40 million people whose computers are linked to the Internet because the number is growing exponentially, so any estimate will be woefully out of the date the moment it is estimated.

Perhaps the best way to understand how to navigate the net is to think of it as a giant spider's web in space, where each part of the web is linked to each other along invisible threads. These threads are currently telephone wires, but will soon become optical fibres which will enhance the capacity and speed of the Internet dramatically – but I'll have more to say about this shortly.

Now the magic of the Internet is that it can carry a person sitting at his desk from one site to another in milliseconds through a nifty device called Hypertext Transfer Protocol. If I, for instance, am sitting at my computer in Sydney, and I'm reading text on a computer in London, there may be a highlighted word in the text which interests me. Here's an example from another site:

(Alan Gold then demonstrates the ability of a computer to travel from one site to another).

As you can see, I've just travelled around with world in seconds. I began by reading the material contained on one computer, and then jumped to another to read a further reference. The language of communication is hypertext, and hypertext is the assemblage of multiple links within and between texts and can take the form of writing, speaking, sound and visual images. But hypertext is not merely an electronic library accessing the universe of documents, or docuverse. Its technology invites a fundamental change in the relation between author and reader of texts. It is the medium which will free readers from the constraints imposed by an author, and enable readers to construct a text in conjunction with one or many authors.

Hypertext is a technical facility which introduces an entirely new way of reading. Not a way which will threaten the joy of books, but which will work in conjunction with other media. However, as a development, it is, perhaps, one of the most exciting since the invention of writing.

How does hypertext work? I have no idea! But then, I also have no idea why my television set plays the SBS news at 6.30pm. All I know is that when I press the button, I see Mary Kostakidis, regular as clockwork. And it's the same with hypertext. I manoeuvre my mouse around the computer screen, click a button, and zapp . . . I'm suddenly reading the reference I wanted to read on somebody else's computer in another part of the world. God know's how, but it works. I'm not a technician. I'm just interested in the effect.

But is hypertext new? In fact, as a technique, it dates back to the very beginning of modern writing. In the days of the Old Testament, the Jews called themselves "The People of the Book". They weren't! They were the people of scrolls. By writing on scrolls, the ancient Jews were the first to use a form of hypertext as a way of reading. A scroll was the medium used by the ancients for committing writing to permanent form. But because of its very nature, it could contain little more than a portion of the Bible or a small book – say the writings of Isaiah, or Ezekiel. Because these scrolls were picked up haphazardly in a service, there was no conformity in following a series of texts, so the religious leaders could roam through the texts, crossing and recrossing at will from one to another, freely making intellectual associations.

It wasn't until the days of the Romans, when the book or codex appeared – cut pages sewn together on one side for ease of transportation – that the order of books became immutable.

In fact, different technologies of writing imply different relationships between author and reader. For example, the blackboard and chalk allow for fluid, changeable and authoritarian writing within a collaborative milieu; pen and paper by their size serve for personal communications and allow for the taking of turns between reader and writer; typewriters imply a limited capacity to edit and have an authority in the final draft, whereas word processors positively encourage editorial intervention, the screen acting as a fluid medium until the incorporeal display is committed to permanent form on printing.

The current assumptions about the relationship between reader and author – that is the authority of the writer and the receptive status of the reader – date from the invention of the printing press.

In the days of scribes, who frequently altered what they copied, the distinction between author and reader wasn't so significant. The printing press, by its expense and multiple productivity, gave the author augmented authority, and indeed through copyright, the author exercised absolute control of the text.

There have been some brave attempts at introducing the concept of hypertext into the rigid form of print – Encyclopaedia Britannica, for example created the concept of a Propaedia, a pithy reference work, which led into the longer and more detailed format of a Macropaedia; and in fiction, writers such as James Joyce in *Ulysses* and Laurence Sterne in *Tristram Shandy* break down the strict lineal readings of a text. But these approaches are not widespread. It has only been in the realm of literary theory that the French post-structuralists such as Roland Barthes, who theorised about the death of the author believing that both writers and readers bring their own experiences of all other texts to the text in question, negate the authorial voice. If only he had lived, he would have found living proof in the Internet. Many literary texts now do play with open-endedness and reader authority but in most genres, especially my own as a thriller writer, any avoidance of closure outrages the reader.

But what has the French school of critical theory got to do with the Internet, and especially to what I said earlier about *The Death of the Salesman* and the danger which is being posed to small business by modern interactive technology being plugged into our television sets?

Simply this. The lack of central control linked with the interconnectedness of marginal locations and speciality services are now immediately available through the creation of the facility of hypertext transfer protocol. People are now able to jump instantly from one location to another. And that means that shopping on the Internet becomes a reality.

Shopping? Yes – but let's see why small businesses need to become a part of the Internet if they're going to take on huge corporations, head to head.

Let's think for a moment about what's happening right now in suburban streets around Australia, and around the world. Telecommunications companies like Optus and Telstra are laying optical fibre cables in order to bring pay television into our homes. Not much of a great leap forward, you might think. Instead of having four mediocre TV channels and the SBS, we'll soon have five hundred.

But the placing of optical fibre into our homes does more than just deliver TV. It is the conduit which will allow many different services to be delivered directly into our homes – services such as telephony, information systems, and interactive home shopping. And it's in the area of interactive home shopping that small to medium sized retailers, manufacturers and service providers will meet their greatest ever challenge.

Picture this for a moment. It's the near future, probably within the next ten to fifteen or so years. A householder comes home after a hard five hour day at the office, and needs to do some shopping.

There is always a pressing domestic reason to do some shopping

in order to replace groceries, to purchase fruit, to buy paper products like handkerchiefs and toilet paper, to buy kitchen products and cleaners – in other words, all the items which are normally found on the average shopping list. These are the drudge items, the items which we have to buy in order to keep our homes running smoothly. Since the beginning of retailing thousands of years ago, people have gone out to shop in order to purchase these items. But in the very near future, consumers will no longer need to do this. What they will be encouraged to do is to turn on their televisions and, holding their hand-held tuner, hit the button which brings up the home shopping menu. On the screen will be a virtual shopping arcade in which consumers will select what shopping needs to be done from which of the dozen or so mega, indeed humongous, retailers or manufacturers who have spent serious money in order to capture the householder's name on their database.

The householder can select supermarket shopping. Alternatively there will be other symbols specific to the household's interests, such as entertainment, clothing, travel, automotives, gardening and household appliances, and sexual fantasies. There will be symbols for insurance, banking, pharmacy, education and a dozen other personalised items in which the householder has, at some stage, shown an interest. Now remember, I'm not talking about the Internet which at the moment is on your computers, but about interactive shopping which will shortly be coming to a television screen near you.

Let's say that our householder simply wants to do some supermarket shopping. He will highlight the symbol entitled "supermarket" and immediately on the screen will appear a virtual environment at which a friendly host will greet the shopper with "Good afternoon John. Thank you for shopping with me today".

A virtual trolley will appear on the screen as though the householder is pushing it. Everything will now appear as if the viewer is actually shopping. A simple device such as a computer mouse will enable the trolley to be pushed forward, back or side to side. As the trolley is pushed down various aisles, items will be highlighted which the consumer may want to purchase. It will be a mirror image, in fact, of the instore supermarket trolley. And there won't be any other shopping trolley which viewers will have to evade or manoeuvre around, nor trolleys with those irritating wobbly wheels which make even the most retiring shopper drive like a mad drunk on a Saturday night.

Most of what the consumer is interested in will be highlighted as he passes by in the virtual environment. And the supermarket's computer will already know much about the viewer's preference from their information which they've collected and added to their database – information such as the size of the family, the preferences, typical expenditure and previous shopping choices.

At the end of the virtual shopping experience, there will be no

queues as the entire accounting procedure of tallying has already been done by the supermarket's computer. Just a virtual checkout chick with that irritatingly plastic greeting of "Hi, now you've finished shopping, are there any other ways in which I may help you?"

The consumer will press an icon to deduct the cost of the shopping from his bank account, the money will automatically be placed into the supermarket's account, and the parcels put together robotically in the supermarket's warehouse, either for delivery to the consumer at a nominal charge or for consumer pick up from a regional service centre shortly thereafter.

The consumer, therefore, will do the majority of his or her future drudge or replacement shopping electronically by interactive media from within the house.

This sounds like a paradise for customers. But how are the local butcher, grocer, fruiterer, bread shop, cake shop, delicatessen, and other small speciality outlets going to survive the convenience of interactive supermarket home shopping? And when home shopping takes off, and people start buying more and more of their goods and services from their interactive television, what's going to happen to the hundreds of thousands of shops and the millions of people they employ when customers no longer do their shopping in person? Is it going to mean the death of retailing, or the death of the salesman employed in the retailing industry?

Certainly there will always be entertainment shopping for those who still relish the opportunity to shop till they drop. There will always be stores available for those items which must be personally chosen or for which advice is sought (the most obvious is in the fashion trade). But it is likely that in the near future, consumers will trade personal choice in high volume consumer products for the convenience of home purchasing. And when that happens (and all the signs are that it will happen in the very near future) we will see these non-specialised retailer and service providers beginning to disappear and this will change the entire social structure, not only of consumers but also of business as we know it today.

Make no mistake. Home shopping will become more and more the activity of the present, rather than a thing of the future. Increasing numbers of department stores, super and hypermarkets, mega-stores and manufacturers will leap on the bandwagon of the in-home shopping experience. Estimates are that sales via interactive media will total more than fifty billion dollars a year in America alone within the next ten years. And this will lead to massive uncertainty for the small business person.

It is difficult to imagine a situation in the future where consumers will not want the personal advice of a trained sales person in fashion, jewellery, antiques or other products or services where highly

specialised knowledge is required. But anybody selling baked beans, real estate, cars or insurance should ask themselves whether their work could be replicated by an interactive screen offering a series of product alternatives based on a consumer's answer to a lifestyle questionnaire. The product or services would then be shipped directly from manufacturer or retailer without the need for a retail sector.

But there is an answer to the dilemma which small business may well be facing in the next few years, and that's the reason that I've been showing you my home page and a few other interesting sites. The Internet provides a ready and easily accessible foil to these giants of commerce. The Internet is the great democratiser of business. Precisely because it is owned by nobody, and is available to everybody, any business of any size can open up a shop on the internet, and start trading with a global audience of 40 million today, and perhaps 200 million by the end of the century. But there will have to be a change in the ground rules of selling merchandise and professional services.

One of the most crucial is that retailers will have to market niche products – speciality items such as toys with an educational purpose or remedial or extension, rather than the mass-market Barbie doll variety; instead of selling run-of-the-mill cosmetics, retailers should look for special lines such as those made without animal testing, or which are eco-friendly lines; or instead of selling records on the Internet, a retailer should specialise in selling a niche line of – say – Elvis Presley records both of the pre and post-mortem variety (and who knows, someone may indeed spot Elvis somewhere in Cyberspace). In other words, general retailing may not have much of a place on the Internet, but clever, specialist retailing will find a ready market.

Let me take you into a global village – a cybermall – where thousands of shops and millions of shoppers do business every minute of the day. It's not a Westfields shopping village. It's not got a Woolies or a Coles. And it's not in the next suburb. It's in cyberspace. There are no parking problems, nor do the shopkeepers and service providers pay huge amounts of rent, or rates, nor for wages for staff. So where is this cybermall? I have no idea. I just know how to get there and using the medium of hypertext, how to browse from site to site, shop to shop, buying whatever takes my fancy.

But shopping in cyberspace is not without its difficulties. It is already evident that the choice is huge and the possibilities endless. This could easily lead to a sense of information overload, and overwhelm and frustrate any action by a potential purchaser. That's why a nifty device was introduced called a web-browser. This is a search device which scans the entire Internet in nanoseconds, and finds sites which are relevant to the enquiry. Currently, one of the biggest, AltaVista owned and operated by Digital, searches over 15 million individual sites, documents and texts in response to an enquiry – and

downloads the top one hundred references within a couple of seconds. I don't even have to know the address of where I'm going. I just need to know what I want. Say, for instance, I want to buy an Elvis Presley record, say "Heartbreak Hotel", I just write in the instruction, and within seconds, I find a number of listings where I can purchase the record, tape or CD.

Now imagine if you're a local shopkeeper with a passionate interest in Elvis Presley. Your record shop's market would be limited to those people who happen to be living in the local area. Setting up a direct mailing catalogue would cost a lot of money. And doing it globally would be out of the question. But not if you're on the Internet.

If you think of any hobby or slightly specialised item, whether it's text-based information or a high-value, low weight product which doesn't cost a fortune to be sent by mail, then it can be marketed on the Internet. Anybody with a modicum of knowledge can set up their own shop or homepage, just like I've set up mine. And through hypertext, you can be connected to the web through the browsers or other sites. It's a whole new concept in marketing for small business, and offers exciting opportunities.

But will people ever buy their baked beans through the Internet? Well, they're currently buying flowers, perfumes, tea and coffee and a myriad of other day by day products. But baked beans – let's see. . .

(Alan Gold brings up a page of baked beans)

No. I couldn't find anywhere to buy them, but there's an awful lot of recipes and a few jokes about flatulence.

So where does that leave us? The Internet is a superb research and entertainment tool. It provides ordinary people around the world with an anarchic medium for expressing their thoughts and opinions, for sharing knowledge and for safely sharing experiences. It offers small business people a global access and some form of protection against the monolithic retailers and manufacturers who are after an ever-increasing share of the market.

But it's no alternative to hard work. Nor is it an environment which will replace the book, the television or original creativity. The Internet is a magnificent new tool for research, entertainment, pleasure, and business. It has the potential to grow into the greatest medium of enlightenment in history – rivalling the invention of the printing press as a major step forward in humankind's development. Its wide pattern of individual interconnections does not allow hierarchies and defies monopolisation. The immediate access to sites of many varieties, purposes and locations can dissolve traditional boundaries in the day to day commerce of shoppers and business people as well as the intellectual communications of creators and readers of texts.



NATIONAL SAVING

AND FISCAL RESPONSIBILITY

Vince FitzGerald

National saving has been a frequent topic of discussion over the past three years at least. Although the report on national saving which I prepared for John Dawkins as Treasurer in 1993 was commissioned in response to concerns about the Commonwealth government's fiscal position, and although the saving issue and government budgetary issues have increasingly been linked in statements about government policy, I think that many Australians would still wonder what on earth saving has to do with fiscal responsibility. Many people still understand the issue of national saving to be entirely about household saving. They seem to be only dimly aware that government has something to do with it, through (say) superannuation or lack of tax incentives.

Government policies and government finances have, of course, had a far more profound influence on these issues than is popularly perceived. Not only has government had a significant direct negative impact on national saving through its own transactions – and lack of fiscal transparency and commitment to fiscal responsibility has aided and abetted this – but it has had a profound impact on private saving behaviour as well.

Consideration of those impacts widens the perspective to encompass not only fiscal framework reforms, but reforms to the structure of taxation and government provided benefits.

It is my purpose in this paper to link all these issues.

Government's direct impact

It has often been said that we get the kind of government that we deserve – that the electorate should not blame politicians for delivering the policies that voters (and opinion poll respondents) signal that they want. In the area of saving and investment, however, we must remember that many of those who will be most disadvantaged by policies which under-provide for the future relative to the present community do not yet vote or speak to pollsters – indeed many have not yet been born.

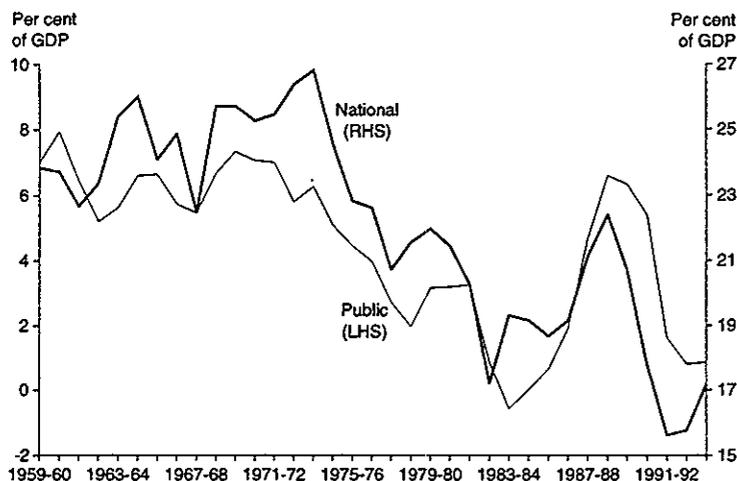
Thus, when asking whether government has adequately provided for longer-term relative to immediate demands, we should bear in mind that fundamental issues of intergenerational fairness and equity are at stake. Yet it is precisely these aspects that we as a community, and particularly our governments, have done our best to ignore.

It is now widely accepted that Australia's rate of saving is sub-optimal, in the sense that it is below what our collective choices as between present and future consumption would produce if they were undistorted, and if we ruled out the possibility of any group of households imposing uncompensated burdens on other households.

While there are some reasons for Australia's sub-optimal saving which cannot be attributed to government (e.g. domestic and international capital market impediments), it is clear that the operations of government itself are deeply involved. Government affects the level of saving undertaken by the community as a whole in a number of ways. The most direct way has been among the least discussed: the government's own saving or dis-saving. This is by definition its operating surplus or deficit – i.e. the balance on its own recurrent operations, as distinct from the usually quoted total (cash) budget deficit, which includes capital transactions.

If government runs persisting recurrent or operating deficits (i.e. dis-saves, via either increased debt or asset sales), a fundamental intergenerational equity issue arises – in that it is thereby delivering benefits to the present community while leaving reduced assets or increased liabilities to future households who receive no benefit.

FIGURE 1
NATIONAL AND PUBLIC SAVING



Source: ABS 5204.0

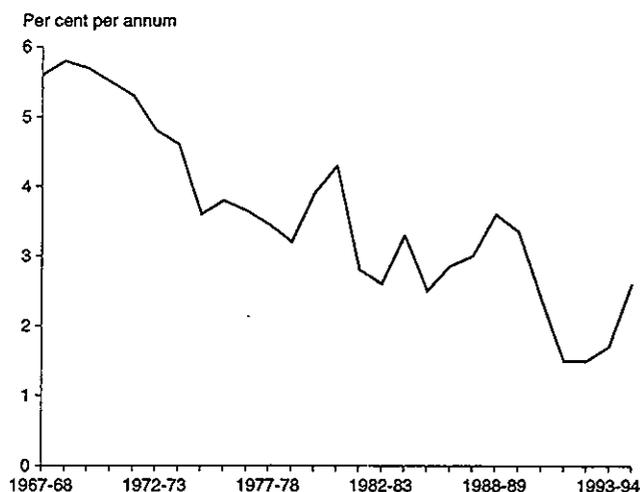
Moreover, a government which continues to operate in this way progressively loses fiscal capacity to deal with future contingencies.

As the *National Saving* report (FitzGerald 1993) detailed, secular deterioration of government saving, predominantly at Commonwealth level, has been the major contributor, in a direct sense, to the decline of our national saving over the past 20 years.² See Figure 1.

While our external deficit on average (over the economic cycle) has been significantly higher in the 1980s and 1990s than it was up to the 1970s, representing increased use of foreign savings to fund investments, there has nevertheless been a decline in national investment paralleling that in national saving.

Figure 2 shows the consequence of that, i.e. that since the late 1960s, there has been a marked downward trend in the growth rate of Australia's net capital stock, that is, the accumulation of gross investment less depreciation of old capital. Without much doubt, this decline has led to a decline in Australia's sustainable rate of economic growth: in the 1960s, growth rates in excess of 5 per cent were not uncommonly achieved without placing undue pressure on inflation (or the current account). These days, any growth rate much above 3 to 3.5 per cent – other than for relatively brief periods – is regarded by most economists as not sustainable.

FIGURE 2
GROWTH RATE OF AUSTRALIA'S NET CAPITAL STOCK



Source: Statement No. 2, Commonwealth Budget Statements 1995-96.

Figure 3 shows national gross fixed capital formation as a per cent of GDP. Consistent with Figure 2 it too shows a downward trend. In the 1960s, investment was typically about 26 per cent of GDP, this figure dropped to about 24 per cent in the 1970s and 1980s and in 1994-95, four years into the recent cyclical recovery, it was still about 21 per cent.

FIGURE 3
NATIONAL GROSS FIXED CAPITAL FORMATION



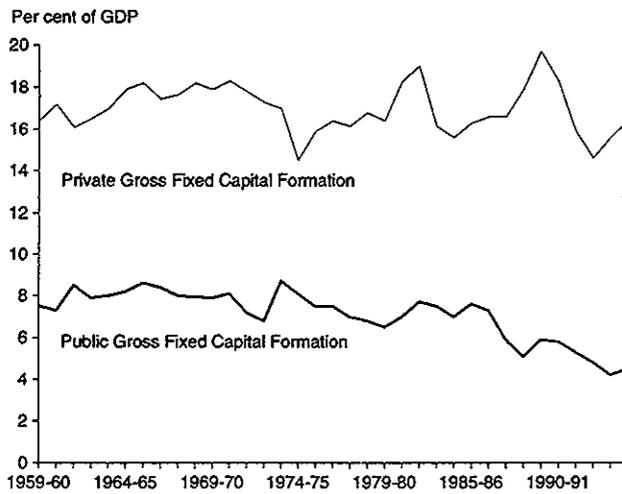
Source: Statement 2, Commonwealth Budget Statements 1995-96.

Figure 4 shows that **private** fixed capital formation, while showing much cyclical variability, has not shown a downward trend. Again, as in respect of saving, it is **the public sector** which has been primarily responsible for the big decline we have seen in the national investment rate. **Public investment** has declined from about 8 per cent of GDP in the 1960s to just over 4 per cent recently.

Figure 5 shows in a more direct way the extent to which public sector spending has shifted away from investment for the future and towards current consumption over the past 20 years (or more). As can be seen, there has been no such shift in the private sector.

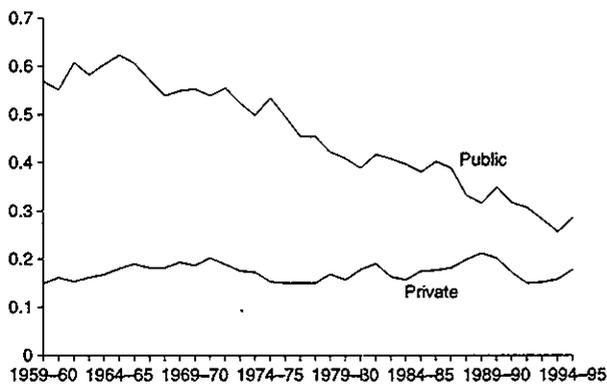
Sims 1995, focusing on the doubling of the cycle average current account deficit, from 2.25 per cent of GDP in the 1960s and 1970s to 4.5 per cent of GDP in the 1980s and 1990s, put his finger on the

**FIGURE 4
GROSS FIXED CAPITAL FORMATION BY SECTOR**



Source: Statement No. 2, Commonwealth Budget Statements 1995-96.

**FIGURE 5
RATIO OF INVESTMENT TO CONSUMPTION, PUBLIC AND PRIVATE
1989/90 PRICES**



Source: ABS 5206.0

source of the problem as follows:³

Between 1972 and 1975 the Whitlam Government virtually doubled nominal Commonwealth Government expenditure. Expenditure as a share of GDP rose nearly five percentage points, while revenue rose just over one percentage point (Budget Statements, p 1.11). In a mature economy it is not surprising that such a radical change should have a long-lived and significant effect. People become used to the extra government services

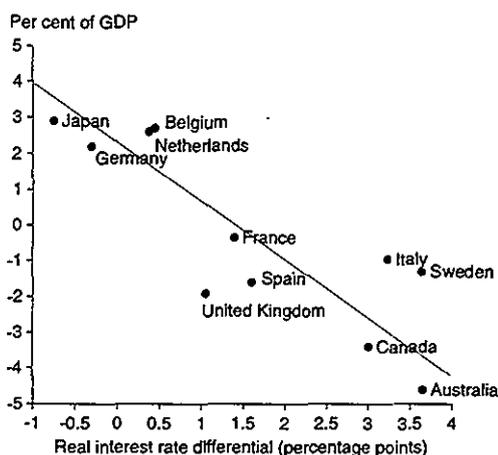
without the bother of paying higher taxes to fund them. The rapid and underfunded spending growth of this period is the underlying driver of Australia's current account and debt problems.

The past twenty years accordingly saw a great rise in public debt which, as Sims implies, went largely to financing current consumption, **not** wealth-creating investment. Properly measured to include unsecured debts to employees in respect of past service, for long service leave, superannuation etc (see FitzGerald 1994), government debt **exceeds** the total external debt of the nation as a whole. The Australian private sector has actually lent more than it has borrowed, so that the external debt is, at source, wholly attributable to government.

It makes no material difference to the substance of the situation that government may choose to issue debt securities domestically, that private financial institutions may intermedicate the consequent offshore debt raising and that the increment to foreign debt is recorded as "private". The substance is that the present generation has been receiving substantially increased current benefits from government for the past twenty years without facing up to meeting their full cost, and the accumulated public sector **and** external debt are substantially a consequence of this. Other consequences have included a growing bias in public expenditures towards recurrent spending and away from investment – particularly in various of the major categories of infrastructure in which the public sector has a necessary role.⁴

The negative effects on investment have spread through the economy via the increasing premium built into our interest rate structure as a whole, directly consequent on our high external deficit. See Figure 6.

FIGURE 6
REAL INTEREST RATE DIFFERENTIAL VIS-A-VIS THE UNITED STATES, 1994
CURRENT ACCOUNT AS A PERCENTAGE OF GDP



Source: OECD Secretariat

Government impact on private behaviour

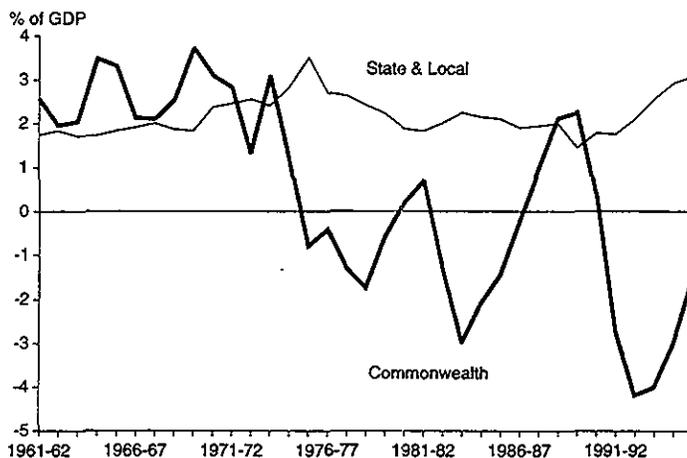
The decline of public infrastructure investment has itself had adverse side effects on the productivity of private sector investment – given the now well accepted finding that economically efficient public infrastructure investment raises private and national capital productivity (and therefore the private incentive to invest).⁵

The impacts of the “short-termist” pattern of government policies on private behaviour go deeper than this, however, particularly in respect of saving rather than investment.

The three major causes of our sub-optimally low saving are:

- the failure to institutionalise **fiscal responsibility**, and hence the dramatic deterioration in Commonwealth general government finances already discussed (by contrast with the more stable pattern at State and Local level – see Figure 7);
- the failure to shift the mix of our tax system far enough along the spectrum from taxing income – and saving – towards taxing consumption spending;⁶ and
- the failure to reform our **welfare system** (broadly defined to include all entitlements and benefits, e.g. in education and health as well as social security) so as to minimise its anti-saving bias, particularly as it impacts the decisions of the broad middle of the income range in the community.

FIGURE 7
GENERAL GOVERNMENT RECURRENT BUDGET BALANCES



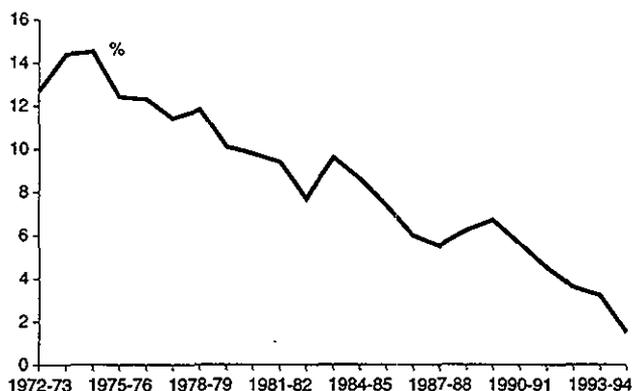
Source: ABS 5501.0 (actuals to 1994-95; budgeted 1995-96)

I published today a research paper (FitzGerald 1996b) looking at social, cultural and institutional influences on saving, comparing Asia with Australia. A key conclusion from that research is that such influences appear to work in Asia essentially through the overall structure of economic incentives that people face – particularly the taxation and welfare systems, as they are currently and as they are expected by the relevant community to apply in the future.

The major difference between Australia and Asia which explains the stark difference in saving behaviour is not Confucian compared with Western tradition, but the sharply contrasting wide extent of our welfare state – that is, the extent to which government provides benefits across the broad middle income group in our community. In all Asian countries there is a very much more restricted social safety net, and people largely self-provide, from their own saving, for such major things as college education, health costs and retirement.

It is hardly surprising, then, that the Australian household saving ratio peaked in the early 1970s, immediately before the Whitlam Government's radical moves to expand the range of government provided (but not fully funded) benefits. See Figure 8.

FIGURE 8
HOUSEHOLD SAVING RATIO

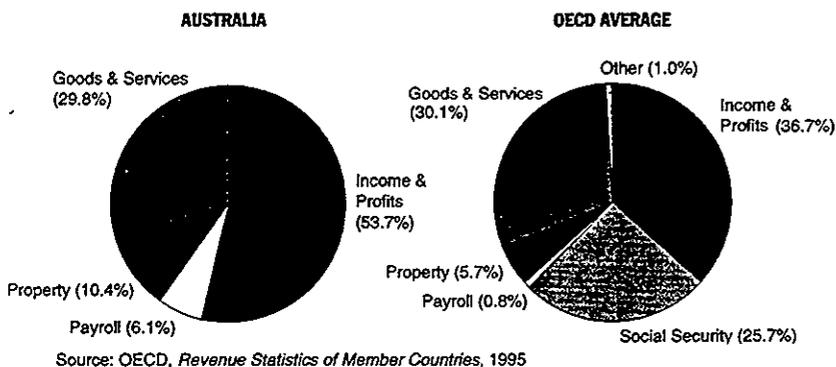


Source: ABS 5206.0

Impacts on Incentives to Save and Invest

Most Asian countries also present their communities with much stronger incentives to save, particularly in financial form, through the way they tax saving. By contrast, we have a tax system which stands out in the weight it places on taxing income and saving – even in the OECD context, let alone in comparison with Asia. See Figure 9.

FIGURE 9
TAX REVENUE SOURCES AS A PERCENTAGE OF TOTAL TAXATION 1993



It is notorious that the structure of taxes and benefits facing Australian households strongly distorts the pattern of our saving towards housing. There is much evidence of over-allocation of saving to housing (at the margin), including for example evidence that this has depressed pre-tax real yields relative to those which the savings would have earned if invested elsewhere in the economy. Data for the period 1975-76 to 1991-92 examined in FitzGerald and Harper 1993 show an imputed rental yield of only 4 per cent and a real capital gain component of less than 2 per cent; equity investments in Australian business over that period earned a pre-tax real yield of over 10 per cent. FitzGerald and Harper 1993 presented evidence that our tax structure is deeply implicated in this distortion of the pattern of saving towards housing. It can be inferred that social security means testing is also.

Perhaps the more interesting issue is whether changed incentives, either through the social security and welfare means testing arrangements or the tax system, can increase the level of private saving and through it national saving.⁷ This is a much canvassed issue, especially in the United States, focusing particularly on how households with access to the US tax deferred saving schemes (IRAs and 401(K) accounts) differ in their saving from households not having access. Empirical studies have produced more and more persuasive findings on this, showing that households with access to these saving vehicles have significantly higher private saving than otherwise similar households – see for example Poterba, Venti and Wise 1993.

The sceptics in the US debate argue **either** that the evidence indicates (or does not rule out) mere re-arrangement of the forms in which household saving is undertaken, **or**, if there are positive net effects on private saving, they are outweighed by the cost to the public

saving of the tax concessions. The accumulating evidence is making the first of those positions unsustainable. The sceptics' major fallback argument is that the positive effect on private saving of these vehicles, which they concede for IRAs at least, is outweighed by the public saving cost and therefore that there is no gain to national saving.

In my view, the latter position, which is not surprisingly favoured around the OECD world among taxation policy officials, is a fine example of government being a prime source of "short-termism".

Since the US vehicles concerned are pure tax deferral vehicles with no concession in the tax rates which apply to withdrawals, it is not clear that, **viewed in the time frame of the saving**, there is necessarily **any** offset in public saving at all. Indeed, there is potentially a public saving **gain** once the measures are phased in. Ignoring the possibility of unlimited deferral (which can easily be prevented⁶) and the possibility that some savers might withdraw savings at a time when they may have moved into a lower tax bracket,⁹ it is clear that so long as additional savings earn returns better than the government's cost of borrowing, the government (which then becomes in effect, a co-saver) will collect a flow of taxes from taxing on withdrawal which is higher in the medium to long term, and has a larger net present value at the outset, than if the amount was taxed as income at the outset and spent. Any fund well invested for the long term will readily meet that condition.

The impact on government finances of reforms to taxation designed to optimise incentives for saving must be viewed over the typical time frame of that saving. Government itself, in other words, needs to set aside the "short-termist" mindset. Surely even a government facing a three year electoral cycle could take the modestly extended medium term view of its finances required to introduce such reforms.

Taxing saving on an expenditure basis in this way would remove or greatly alleviate a major distortion to households' (and governments') intertemporal choices, not introduce a new one. That is, it would **remove** the "wedge" which the present tax system imposes between the after tax return and the full economic return that the underlying real investments, into which the savings are placed, can earn. Not only is it, on the evidence, likely to increase saving overall, but it would also significantly reduce the present great distortion in the **allocation** of saving – towards housing.

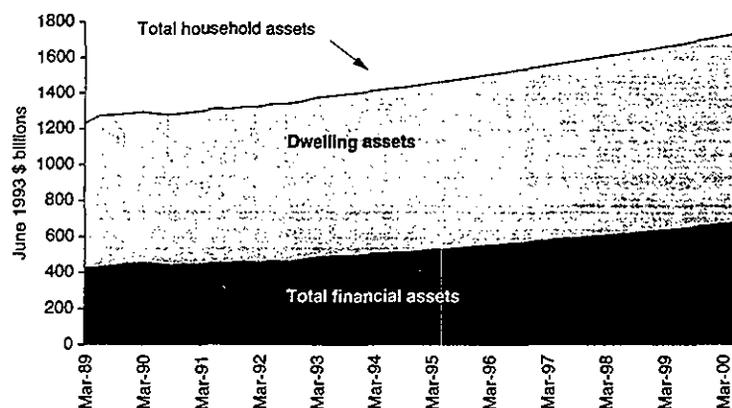
The fact that the household saving ratio has continued its steep decline almost a decade after the introduction of award superannuation began to spread compulsory superannuation across the workforce should give pause to those who believe that the apparent moderate

short-term offset to increased compulsory superannuation saving (most recently estimated at 37 per cent by Covick and Higgs 1995) will remain moderate over time.

Indeed, households' massive, and still relatively lightly leveraged, holdings of housing assets have allowed them to borrow increasingly, using those assets as security, to maintain or increase consumption spending (i.e. continue to save less and less). In just the past two years, we have seen household debt secured against disposable housing, rise from about 40 per cent of disposable income to over 50 per cent, with other debt also rising slightly to bring the total to over 70 per cent.

In just the past two years, we have seen household debt secured against housing, rising from about 40 per cent of disposable income to over 50 per cent with other debt also rising slightly to bring the total to over 70 per cent.

FIGURE 10
HOUSEHOLD SECTOR STOCKS OF FINANCIAL ASSETS AND DWELLINGS



Source: ABS, ACG

In my view, the phasing in of the system of compulsory superannuation, which fundamentally, I support, will not bring about the net effects on private saving hoped for **unless the overall** structure of incentives for saving is reformed. The totality of saving behaviour cannot be transformed by working on one relatively small slice (as superannuation still is), on its own. Attention must widen to the need for reform of the **overall** structure of taxation, especially as it affects saving decisions, and indeed to reform of the structure of government-provided benefits, and the government's fiscal framework.

Fiscal transparency and fiscal responsibility

In my view, the most fundamental – indeed the indispensable – first step towards restoring our national saving and investment performance

must be the adoption of fiscal transparency arrangements and a credible and committed fiscal responsibility regime – one going beyond the setting of budget reduction targets from time to time (admirable as these are) to a strong, ongoing legislated framework designed to lock in and maintain a sustainable and intergenerationally fair fiscal position.

New Zealand's arrangements are a model in both respects – a legislated strong fiscal responsibility regime supported by transparent government budgeting and financial reporting which brings all accruing costs comprehensively to account, and which regularly presents the balance sheet information which is needed to make it plain when we are taking away from the "estate" we will pass on to the next generation.

Without such a regime and transparency arrangements, the future will never receive due weight in present political decisions and it will remain all too easy to postpone the necessary reforms to our taxation and welfare systems which are fundamental to overcoming the short-termism which is so plainly reflected in our saving and external account performance over the past 20 years, and which has so diminished our actual and potential economic performance.

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Endnotes:

1. This paper draws on a previous presentation to a CEDA forum, covering similar issues, in Melbourne in December 1995.
2. Sims 1995 has recently documented the Australian decline in public saving, and its consequences, in more detail.
3. Sims 1995, p 71.
4. Figure 2.8 in Australian Urban and Regional Development Review (AURDR), *Investing in Infrastructure*, Background Paper No 1, August 1994, shows the fall in public investment in road transport infrastructure between the early 1970s and 1993 to have been one of the greatest falls among all of the categories of infrastructure: from about 1.5 per cent of GDP in the early 1970s to only half that level by 1993.
5. For a review of these issues see the 1993 Report to the Australian Automobile Association by The Allen Consulting Group, *Land Transport Infrastructure: Maximising the Contribution to Economic Growth*.
6. It is fair to note that changes to some elements of the tax system have moved it partially along the spectrum towards taxing expenditure rather than income - e.g. accelerated depreciation. However in doing so (see text) we may have introduced new distortions between shorter-term and longer-term types of real investment.
7. FitzGerald 1996a canvasses these issues in greater depth.
8. For example, by deeming withdrawal on decrease (or explicitly re-introducing death duties, at least in respect of tax-deferred savings); or less controversially, by restricting deferral to, say, ten years for non-retirement saving, given that saving for major life cycle purposes other than retirement appears typically to have horizons less than this.
9. It seems to me positively desirable that tax should be levied at rates reflecting the person's circumstances at the time. But this must in any case be a minor effect.



LESSONS FROM

THE 1996 CAMPAIGN

Andrew Robb

Political campaigns are a very peculiar beast. You can travel through nearly every emotion every day, for months, and still expect to be rational. You can introduce sophisticated technology and scientific method and still get it hopelessly wrong if your judgment is faulty. You can rely solely on the gut feel of wily old political operators at your peril. You can live for the moment so often that you forget the moments eventually add up to a campaign. You can get so close to it all that your prized programs can come to bear little relationship to the things people really want solved.

These are the real traps that every campaign confronts.

This evening I would like to reflect on the recent Federal campaign by drawing out ten key lessons from those campaign traps. Many of these lessons I suspect were seared into my brain as a result of the 1993 election loss; failure can focus your mind and your resolve remarkably. In many respects the 1996 campaign served to confirm and reinforce many of the lessons learned during that 1993 campaign experience. The first thing is to get the basics right.

In 1840, a young Illinois state legislator named Abraham Lincoln prepared an action plan for Whig party activists for the forthcoming Presidential Campaign:

Organise the whole state so that every Whig can be brought to the polls, divide their county into small districts and appoint each a sub committee whose duty it will be to make a perfect list of all voters in their respective districts and to ascertain with certainty for whom they will vote. Keep a constant watch on the doubtful voters, have them talked to, place in their hands such documents as will enlighten and influence them and on election day see that every Whig is brought to the polls.

Not a lot has changed in 155 years. Electorates may now contain 80,000 votes instead of 8,000. The technology associated with communicating may have altered dramatically. However, except for compulsory voting, the key principles espoused by Lincoln remain as true today as they did back then. Behind those simple principles lies a

mountain of hard, grinding campaign preparations. This is the starting point. You must know your electorates, the constituencies that will determine the outcome of the election, and then be in a position to communicate effectively with them.

The second lesson is to do the hard things. Nothing moves in politics unless it is pushed. For the Liberal Party the 1993 election loss had a profound impact on the resolve and urgency within the Party. Many within both the parliamentary and organisational wings of the Party knew that they must display a necessary resolve and ruthlessness, not normally associated with the party. We had a "make or break" three years ahead of us.

Candidate selection and support, including the promotion of women candidates; marginal seat preparations; mobilisation of our supporters; changes to Federal powers; networking with community groups; procedures for policy development; relations with the National Party and Coalition State Governments, our research program, our work in regional areas, staff training, all the way through to the smooth transition to John Howard, and the subsequent discipline and focus under his leadership were matters dealt with more effectively than many could remember. Difficult problems were confronted until solved, not swept under the carpet.

On the other side of politics many things suggested to me that since 1993 our opponents were taking the line of least resistance. No one stood up to Keating. They were either into self-delusion or finger crossing in a big way. And we need to maintain the frame of mind we developed in the lead up to the 1996 election if we are to succeed and grow as a government.

The third thing is to heed the warnings. As in business, in politics much hangs on the ability of participants to pick the turning points. The remarkably smooth transition to John Howard as Leader early in 1995, followed closely by the landslide win in the Canberra by-election, did little to stir our opponents. At the time, Michael Gordon, national political editor for *The Australian* wrote:

Paul Keating now faces his most intense political and personal challenge since he won that unwinnable election. He has to change the way he functions as Prime Minister in a comprehensive way. The price of failure will be defeat, and just maybe even a massacre, at the next election. The 16.4 per cent two party preferred swing against Labor in Canberra has exposed a disenchantment and an anger in the electorate that even the pessimists had not imagined.

On the same Monday following the Canberra by-election, Niki Savva wrote in the Melbourne *Herald Sun*:

Good morning Prime Minister. This is your wake-up call. This is not a recording. But it could become one unless you heed immediately the message from both weekend elections. The Canberra by-election was an unqualified disaster for the Labor Party, a personal humiliation for Paul Keating, and a stunning

electoral comeback for John Howard and the Liberals. The New South Wales campaign was a shabby and long-winded affair, and Bob Carr is struggling to become Premier in an election he should have won with some ease against a paralysed government.

Closer examination of the by-election result provided even sharper warnings. Polling booths in the southern end of the electorate, which comprises overwhelmingly young battling families, registered swings of 22, 23 and 24 per cent. The turning point was in neon lights and the Labor Government still had time on their hands. They adopted a "steady as she goes" response. Whether in government or opposition when such warnings appear a "steady as she goes" approach is not an option.

The fourth lesson is to protect your base. After the 1993 election, Richard Farmer wrote in the *Sunday Herald Sun*:

Without a goods and services tax, Dr Hewson would have won despite everything else. And hindsight will probably show that even with that encumbrance, victory would have been possible if it had not been for the reservations about the tax among Liberal supporters in the small business community. It was the loss of the planned collectors of the GST, not just the players of it, that cost the Liberals so early at the last election. The prospect of weekends filling in forms, of having to deal more often with the dreaded tax man, was frightening to your average shopkeeper and panelbeater.

There are 800,000 small businesses employing over 2.5 million Australians and interacting daily with suppliers and customers. In every electorate there are 3,000 to 4,000 small businesses. They are in the main highly respected, good Australians. The vast majority have traditionally been supportive of the Coalition side of politics. Importantly, your base provides your talkers. It is tough, if not impossible, to win without them on side.

In 1993 they were worried about the GST and stopped talking us up. As such, we failed to properly mobilise a key part of our base. This meant we had no effective counter to the presence and propaganda peddled by union organisers in the marginal seats. This time, with small business demoralised and any hopes of making real inroads into the ranks of the unemployed relying heavily on getting small business back in business, it was not difficult to learn the lesson concerning this key element of our base.

Conversely, our opponents lost the support, and in many cases the vote, of a large component of their traditional base – namely, workers and their families. Howard's battlers. Labor's vote among blue collar workers fell from nearly 50 per cent in 1993 to 39 per cent in 1996. The Coalition blue collar vote jumped 5 points to 47.5 per cent, a lead of 8.5 points. Labor's vote among Catholics followed a very similar pattern with the Coalition turning an 8 point deficit in 1993 into a 10 point lead in 1996, 47 per cent to 37 per cent.

In my view, this shift is not an overnight development. It owes much to Labor's attempts over 15 years or more to chase the votes of the socially progressive, often highly educated, affluent end of middle class Australia. However, along the way Paul Keating and his colleagues came to reflect far more closely the values and priorities of this narrow, affluent, middle class group – values and priorities which are in many ways quite at odds with the values and priorities of workers and their families.

A sense of betrayal set in. Labor ended up governing for a few, and not for all of us – and certainly not for a large part of their base.

The fifth lesson is to listen. The lesson sounds simple enough, but it is one of the most difficult for politicians, and political parties, especially those who have held office for some time. From where I sat, Labor finished up in a cocoon of political correctness, a cocoon spun tightly by vocal minority groups and a union movement sadly sidetracked. In turn, the concerns of many Australians went unheard. Labor failed to get angry about the things that mainstream Australians were angry about.

The sixth lesson is don't talk about it, do it. Paul Keating was a master at gilding the lily, of painting a picture of good times ahead, of capitalising on the well of hope that resides in most Australians. However, seldom, if ever, did performance match expectations. Endless false dawns simply fuelled voter cynicism. It caught up with him.

The issue of women in parliament was another example. Despite the extraordinary hype surrounding Labor's mid-term decision to introduce a quota for female representation, it simply ended up empty rhetoric. The Coalition, with 26 women in Federal parliament, has over twice Labor's 12 women Members and Senators. The presence of 26 women in the party room will have an irreversible and profound impact on decisions taken by our parliamentary party. It is likely to prove the most significant and far reaching development from our success in March.

Despite the sour attempts by Labor since the election to talk down our achievements on this front, the facts are that 21 of our 26 women Members and Senators are in seats with margins considerably greater than the 1.86 per cent average swing over the past five elections. They are here to stay.

The seventh lesson concerns the importance of campaign momentum. Politics is about movement. If you sit still you go backwards by default. If you are not setting the agenda your opponent progressively improves relative to you. The Carmen Lawrence "I can't recall" affair cost the Labor Government three to four critical months from August 1995. It reinforced negative perceptions of Labor while preventing effective attack on the Coalition.

Together with Robert Tickner's political incompetence over the Hindmarsh Bridge matter these events, through until November, blocked any opportunity Labor might have had to apply the political blowtorch to the Coalition, and to build momentum especially on the issue of "where are your policies".

For our part we often had experienced the bitter lesson of being caught flat-footed in a campaign, unable to regain the initiative or consolidate an opportunity through lack of new, newsworthy campaign initiatives. The decision to withhold detailed initiatives for release during the five week campaign was a vital strategic decision, especially given the particular demolition skills of our opponent.

It was not an easy option. The pressure built as we approached Christmas. Even my host here today, Gerard Henderson, felt compelled to join the chorus early last December when he wrote in the *Sydney Morning Herald* on the subject of policy release:

At the moment, the essential criticism of the Opposition is that it has no policies. This may be fair or unfair – right now, for the most part, it's too early to judge. However, without question, Labor's line of attack shows signs of working. There are some pressing reasons why Howard should change his electoral strategy before it is too late.

The decision by John Howard to hold firm meant that he started the New Year on the front foot as planned and never looked back.

The eighth lesson involves the importance of the campaign. In my view the five week campaign served to reinforce the voting disposition that already existed within the community. If you look back at public polls, there was a steady six to seven point two party preferred lead virtually from June 1995 until the election was called. This was consistent with our private polling across marginal seats, as long as the undecideds broke our way. The seven point gap was also the final result on 2 March.

Yet, the campaign was to be critical in either locking in or dissipating this voting disposition. The five week campaign has a life of its own – it either pulls your three years of effort together in a telling way, or it exposes your weaknesses in a brutal fashion. Voters use the campaign to reflect on your level of preparedness, to judge the unity and cohesion of your team under pressure, to finally assess the veracity and relevance of your message.

Most importantly they are assessing whether the Leader and his team are effective in the art and craft of politics. While there might be a general community cynicism about politicians and political practice at the end of the day they understand it is a skilled profession and if you are to govern effectively you need to be effective in the cut and thrust of politics. The campaign period shines a very big light on people's ability to perform under enormous pressure, and is a reasonable indicator of capacity to govern.

The ninth lesson relates to the need to do your homework. We released 62 policies and over 40 campaign initiatives during the five weeks of the campaign. In those circumstances the capacity for mistakes, inconsistencies, contradictions is huge.

Add to this the atmosphere of a campaign. For me, a small extract from *Primary Colors*, a recently released book by a political staffer on the US Presidential campaign captured the essence of a campaign from the inside:

Politicians work – they do their public work, that is – when civilians don't: mealtimes, evenings, weekends. The rest of the time, down time, is spent indoors, in hotel suites, worrying the phones, dialing for dollars, fighting over the next moves, living outside time; there are no weekdays or weekends; there is sleep but not much rest. Sometimes, and always at the oddest hours, you may break free; an afternoon move, a midnight dinner. And there are those other, fleeting moments when your mind drifts from him, from the podium, and you fix on the father and son tossing a ball out past the back of the crowd, out in the park, and you suddenly realise, Hey, it's Saturday; . . . the campaign – with all its talk of destiny, crisis and mission – falls away and you remember: Other people just have lives. Their normality can seem a reproach. It hurts your eyes, like walking out of a matinee into bright sunlight. Then it passes. He screws up a line, it's Q&A time, it's time to move.

This prevailing sense of unreality in a campaign underscores the importance of preparation. A campaign is not a time for much original thought – it is a time for tactical manoeuvring and carrying out plans and procedures developed in an earlier, more normal climate.

The tenth and final lesson is: today rooster, tomorrow a feather duster.

I recall vividly the epitaphs written for the Liberal Party after the 1993 election. We were written off for the remainder of this century, and much longer by some. The commentary was understandable. Yet we now sit in the parliament three years later with a majority of 45 and hold government in every State and Territory except one. A mixture of deep disillusionment and uncertainty within the community combined with the great breach of trust contained in the Federal Budget just five months after the 1993 election sowed the seeds for the 1996 election result.

The electorate is volatile and rightly demanding. Against a backdrop of 25 years of considerable social and economic change they value certainty and trust more than anything else. I see in John Howard someone who is driven by a desire to restore community trust in the institution of parliament, in politicians. To tackle the issues that are important to all Australians.

If we stay true to this objective and don't forget the other hard learned lessons we can deftly use the feather duster.



POLITICAL

CORRECTNESS

David Williamson

When the term “political correctness” is used by the gun lobby to explain why they are being threatened with long overdue restrictions on the use of lethal firearms, then one is led to conclude that the meaning of the term has strayed far from its original usage. The spurious use of the term by the far right, however, doesn’t alter the fact that there are problems in society which the politically correct manifestos of identity politics fail to address, and may even exacerbate.

In 1968 on the streets of Paris the student left tried to overthrow the government and usher in a new era. They failed. The workers had not risen in support of them and a great sense of disillusion swept through their ranks. The grand Hegelian narrative in which they had up to now believed – that the internal contradictions of capitalism would make a Marxist future inevitable – was increasingly called into question.

The new French theorists, the most influential of whom was Michel Foucault, told them that the grand narrative of Marxism, was wrong. In fact all grand narratives were wrong. Foucault, an intellectual descendent of Nietzsche, believed that humans were inherently local, and that the real human project was pushing the power interests of oneself and one’s group, that there was no such thing as universal objective knowledge or truth. For the way we all perceived the world was irretrievably linked to our group, gender, class and time. To Foucault the mosaic of power was too complex and local to make large scale transformations of society possible.

This was just the message that the disillusioned Marxists wanted to hear. It explained and justified their inability to transform their own societies and made them believe that protest could only achieve anything if it was small scale and local.

The project of Marxism, now abandoned as being unattainable, was of course national and world wide equity. In the Marxist vision of the future, the world’s wealth was to be commonly owned and shared by the world’s citizens. By this time the project of equity on a national level has also been abandoned by the democratic socialist parties as a

political impossibility, so with the demise of Marxism, equity virtually left the political agenda.

What replaced it has now become known as identity politics. Groups who were, or claimed they were, victimised by wider society, organised and agitated for the redress of their situation, but remained largely outside the traditional parliamentary political arena. In Australia the main groups who began to agitate were women, Aborigines, environmentalists, gay and lesbian activists, ethnic minorities and disabled groups. The project of identity political groups was to restructure society to ensure that their members had the same access to power and opportunity as the group they saw as privileged, namely Anglo celtic heterosexual males.

The term "political correctness" was originally a satirical term directed against what some saw as excessively rigid minority group demands. It was a term borrowed jokingly from the Stalinist era when the Russian communist party determined the "correct" political line that was to be taken by all communist parties around the world.

These demands were many and various. They included the insistence that derogatory language which straight white males had been in the habit of using against women, gays, ethnic groups, Aborigines, greens and the disabled be curtailed and that a whole range of behaviour, which was overtly or covertly discriminatory, also be curtailed.

In many respects these demands were no more than what simple justice and dignity had long demanded. In this sense the achievements of identity politics were considerable and real. It's no longer possible for white Australia to treat Aborigines in at best, a paternalistic and at worst, a blatantly racist way. It's no longer possible for males to ignore the fact that there had been systematic biases and prejudices against women attaining equality of opportunity in every sphere of life.

Attitude surveys show a large and consistent swing towards the recognition of the rights of minority groups and the hard data show a real change in many areas. By the nineties, women were consistently outperforming men in the HSC examination and the percentage of female university students had risen to 53 per cent with women no longer under represented in the prestigious faculties such as law and medicine. In other areas, such as the life outcome of Aborigines, gains have been far less impressive.

To offset the gains there were effects which many regarded as negative. It became legitimate for the groups with grievances to use abusive language or behaviour towards straight white males at the same time as they demanded scrupulous adherence to the codes of political correctness for language and behaviour directed at them. This apparent imbalance was justified by a kind of "boot's on the other foot" type attitude. And by and large straight white males lived with this imbalance, but resentments were being fostered none the less.

This resentment became manifest at the start of the nineties in the anger that straight white males, and indeed many straight white females, expressed against the excesses of political correctness. Many of the claims made by the identity groups about the extent of the victimisation that they had been subjected to were claimed to be excessive, derogatory, belittling and in some cases, ludicrous.

In the arena of gender identity politics, the traditional qualities that males had long been urged to aspire to, rationality, strength of character, bravery, and stoical endurance, were derided by feminism as being no more than the polite mask for violence, domination, rape, misogyny, and emotional remoteness.

The forces of political correctness were accused of actively reshaping the basic texts used in schools to rewrite our history from its erstwhile noble narrative of an immigrant people conquering and making productive an often unrelenting land, to a saga of white male cruelty, genocide, sexism, greed and exploitation. Farming was seen to be a destroyer of ecologically fragile land. The Aboriginal population prior to white "invasion" was seen to be a highly sophisticated and peaceful people living in exquisite harmony with an environment they perceived with a spiritual intensity that we newcomers could not possibly understand.

The truth in all these disputed areas probably lies somewhere near the middle of the two competing views. But what angered the critics of political correctness was that any attempt to bring evidence to bear to refute aspects of the new orthodoxy was met with abusive dismissal. In Foucault's formulation the very concept of truth was seen to be a white male myth, and science itself, with its insistence on empirical verification, was seen as the ultimate white male trick. The wars and ecological destruction of the Twentieth Century were blamed, by many proponents of identity politics, on the processes of Western "male" rational scientific thought, rather than on those particular national tribes and corporations that had used the findings of science less than wisely.

If a critic dared to point out factual errors in an identity group's stated position the critic was inevitably treated as a self evident opponent of "social justice". If, for instance, an historian produced evidence that the mortality rate due to inter tribal warfare between Aboriginal groups prior to the white invasion was high, they would be in danger of being denounced as a racist. Maintaining the self esteem of a disadvantaged group was seen to be far more important than "facts" or "truth".

The effect of identity politics on the arts was significant. The art of the past was seen to be little more than a repository of white male prejudice – racist, sexist and homophobic.

Artistic history was combed to find examples of the great minority talent that had been ignored. It was not even conceded by some that whatever sexist and racist overtones may or may not be discerned in

Shakespeare, his observations of many other aspects of human behaviour might be acute and timeless. The baby was only too willingly thrown out with the bathwater.

In the area of current creativity, many practitioners of identity politics see no problem in regarding art as a social tool to create non sexist, non racist, non homophobic stereotypes to act as role models for the future. Regarding human personality as "socially constructed", they deride the belief that there may be a universal human nature, and that humans may have common emotional needs and proclivities across culture and time. Creative writing, seen as doing no more than capturing the particular attitudes and prejudices of a particular group at a particular time, is consequently seen as a legitimate branch of social engineering. At a writer's conference in the mid 1980s in New Zealand, I was shown a check list issued by the drama department of the New Zealand Broadcasting Commission detailing twenty ways in which women were not to be depicted in any fictions produced by this organisation. They included instructions that women were not to be shown as ever being overly emotional or agitated, and never to be shown preparing food.

One of the most powerful mechanisms a group can utilise to promote unity is to exaggerate the evils of the enemy. A downside of identity politics can be the encouragement of irrationality and hatred. Another negative tendency can be the rigid enforcement of sameness within the group. In the film about lesbian life called "Go Fish" one of the women is subjected to hostile cross examination on being discovered to have surreptitiously slept with a man.

Although belonging to an identity group can be psychologically reinforcing, it can also be a prison which forces one not only to conform in ways that flatten out one's potential complexity, but to distort evidence that threatens or weakens any of the group's sacred beliefs. One can literally start to live a lie about oneself and about the world around one.

If identity groups do resort to exaggerating the evils of the outgroup then the outgroup responds angrily to the distortions and an acceleration of hostility commences. This is the point to which a lot of identity politics has currently brought us. A male backlash has been chronicled by many feminist writers. If tribal hostility reaches a certain level of intensity then the dissipation of the hostility becomes increasingly difficult. Four hundred years on Catholics and Protestants are still killing each other in Northern Ireland. The danger of identity politics is that if rhetoric outpaces reason the damage could well be irreversible. And we could be stuck with acutely hostile divisions in the long term that will negate the very real gains that responsible identity politics has already achieved.

An even more potent danger of an obsession with identity politics

and political correctness is that it is letting the real villains of society off far too lightly. The big problem that Marxism and democratic socialism was trying to address, inequity within society, is growing worse than ever. In the endless recriminations of identity politics it seems to have been totally forgotten that all over the world the rich are getting richer and the poor getting poorer at an accelerating rate. The single most important reason why this is happening is that the multinational corporation has become so omnipotent and powerful that it can virtually disregard national boundaries and shift its point of production very rapidly to take advantage of the cheapest labour rates and the most restrictive labour organisation practices it can take advantage of. As a result non skilled and semi skilled wage levels are being driven down all over the world.

In Australia, a wage differential between top executives and production line workers of fifty to one and sometimes up to a hundred and fifty to one has become the norm. This is still a society in which there is a wage differential between male and female but latest figures for full time work now indicate female earnings are over ninety per cent of male earnings and so it can no longer be claimed as a blanket truth that females are automatically disadvantaged. A male production line worker is severely disadvantaged compared to a female executive.

The real disadvantaged of society are those males and females at the lower levels of earning capacity, and on current trends the degree of disadvantage will continue to grow. The social consequences of a society with pronounced social inequity are well known. Alienation, atomisation, resentment, bitterness, crime of growing brazenness and brutality, a loss of any sense of community, and even for the advantaged, a fortress mentality that can erode the sense of pleasure and joy of living that should be everyone's birthright.

The area of inequity that democratic socialism first chose to address is still the most pressing and widespread source of inequity in Australia. Class inequality has not mysteriously disappeared, it has in fact intensified. But this fact seems to have been quietly forgotten in the welter of rhetoric and counter rhetoric that has often characterised the identity wars.

Perhaps it is time to soften the rhetoric, modify the demands for excessive political correctness, and seek bridges.

The largest problem we face as a society is precisely how do we preserve the sense that we *are* a society. How can we reverse the current political perception, that any attempt to address and implement national aims in the face of international finance, is doomed to electoral disaster. How can a new left vision emerge which can return us to something approaching what we once were, the nation with the most equitable distribution of income on earth.

Perhaps it's time to be less sectional and less identity obsessed and have the courage again to face the really big issues.

POLITICAL

CORRECTNESS

Geraldine Doogue

If I had to sum up with a single word what characterises the so-called “debate” about political correctness, it would be laziness. That and the lack of risk-taking by the accusers is what ultimately annoys me so much.

Of course, it may also be the very thing that turns round and bites them. This is not to say that I totally disagree with all the attacks. If I am passionate about anything, it’s for broadening the whole public agenda about social change, really the venue for these discussions since they were first raised in the US in the early 1990s.

So yes, I too want more openness, more expression of their personal ambivalences by people who classify themselves as socially progressive, more “I’m-thinking-again-in-light-of-current-evidence”. Certain nuances of subjects have been off-limits. But nuances are not wholesale proscription, which is what is invariably suggested.

What I seek is something constructive from those who shout “PC OUTRAGE!” And the vacuum can be deafening. In essence, I want to hear *their* vision for the world around them. By and large, what they offer is merely smug attack and cheap shots. Sometimes it’s quite a bit more sinister than that and much more like straight censorship. Usually, they leave me guessing at their underlying philosophy. So I fill in the gaps and invariably decide that they either liked things the way they were in former times or have decided that the whole game is too complex – so better to leave well alone.

Okay, so both arguments can be made. But they’re not exactly glorious are they? Or geared to position you as a news-maker and invitation-receiver? So the anti-PC mob don’t declare it quite like that, don’t usually declare they’ve given up any hope of advancement, however incremental in the human condition, and are satisfied with just muddling through. Satisfied too with where *they* personally sit in the scheme of things.

And they don’t declare what must often follow from that attitude. They don’t declare they were happy with the old hierarchies and trade-

offs. They infer that the world can return to certainty – if only a few tedious people would stop pushing the boundaries about gender and Aboriginal people and the nature of learning and so on. Incidentally, I rather like order and certainty, I am not of the post-modern school that believes there are no verities. I can *just* spell Foucault and believe that we owe some dead white males a great deal.

I reserve my greatest respect for living people who are chancing their arm at the big one – forging new, relevant codes of conduct. Naturally, some of them become dogmatic and their own worst enemies. But this becomes much more obvious than the anti-PC people would have us believe. In my experience, a blinkered approach is blindingly obvious to your average Australian – even more maybe, than to your average media. Propagandise in Australia – and meet harsh judges. The notion that the public is being “screened” from unpalatable views just doesn’t genuinely wash.

I’ll give you an example of when I thought the PC discussion really hit the wall. It’s not one of the more flamboyant examples – but it meant something to me personally.

When Bill Hayden released his autobiography recently, some of the most moving prose concerned his childhood. He described how his home could become a tension-filled battleground, held in the thrall of his moody father. Bill was formed significantly by this, by worries about his mother; how to escape fear and pessimism, how to move on, find a cause.

As a young policeman, he went on to discover the way violence in the home wrought havoc to many other Queensland families. He became a passionate believer in the need for the state to buttress women like his mother and accordingly guided through the single parent pension – and so on.

But at the end of his life, when he tried to make sense of it all, this icon of good Australian fairness opted for the cop-out. This whole area of human relations, he said, in effect, was surrounded by so much complexity that it remained a conundrum to him – and oh he added *en passant*, he didn’t hold to the current “politically correct” views about domestic violence.

I was stunned! Here was a man inextricably bound to this issue and clearly still curious, who, despite being unable to provide any better suggestions, dumped on those who were at least trying to shift the debate. Of all people, surely he’d be in favour of those searching for some answers.

Why couldn’t Bill have suggested he merely found some current interpretations too narrow and self-serving? I might have agreed with him. But why did he feel the need to add that gratuitous slur, “politically correct”, designed it seemed to me, to dismiss and marginalise others in the area. I would have been more honest if he’d

simply said : "I'm stumped. But I don't like those who blame me." We, the public, would have known where he stood. And where we stood.

About eighteen months ago, I made a personal decision never to use the words "politically correct". I decided they'd become quite debased. I didn't even know what they meant anymore, except that they were thrown around with gay abandon by people who seemed to thrive on what they were doing. It made me a bit suspicious. They were onto something and they knew it. The wowsers were on-the-mat! In Australia things never seem to have fully descended into the sort of vituperative, absolutist fracas that unfolded in the US.

The *New York Review* back in 1992, described PC-ers as the Unofficial Thought Police. It was seen as Marxism without the economics: a revolution made with words instead of weapons, a new attempt to change society by changing the way people talk and think. The last gasp of a feeble Left.

I know some Australians inclined to agree. Peter Coleman in *Double Take: Six Incorrect Essays*, (Mandarin Books, 1996) writes that if you express certain views you will be "defamed, boycotted, marginalised". Les Carlyon warns not to dissent on Mabo "unless you want to be called a racist. Fail to take Carmen Lawrence or Joan Kirner seriously and you may be a misogynist. Incidentally, if you want to talk about the weather, be sure to ask how many baby seals fell through the hole in the ozone layer today." (*The Age*, 6 July 1995).

I'm indebted to an unusual collaborator, Andrew Norton, the editor of *Policy*, the journal for the Centre for Independent Studies for the last two examples. As he says in a recent excellent article, he shares many of the political positions of those participating in the anti-PC backlash, as he calls it. But he believes, like me, that it corrupts those who use it. He believes it becomes an excuse for inaction. "Instead of parading as victims of threats to free speech, my colleagues on the Right should be out there igniting the debates they claim are not happening. . . If they don't, the irony will be very painful. The anti-PC forces will have fallen victim to their own scare campaign and said too little on subjects on which much should be said."

For him that means racial vilification laws, affirmative action campaigns, Aboriginal policy, non-discriminatory language regimes, etc. Not things I'd list, but I'd defend to the death his right to do so, as some dead white male once said.

The single "boo" phrase - politically correctness - has become, as Norton says, a lazy weapon, able to wound in one bound, just as I suppose others throw around "racist", "sexist", "homophobic". Of course in one respect, they're all designed to ridicule and intimidate. Then again, it can amount to an invitation to *keep* debating, robustly and with precision. Maybe it *will* make us think twice about the way we

put things. Good! It can help public debate. After all, it amounts to heckling, not really much more or less.

Moira Rayner believes that when people are accused of being sexist and racist, it usually follows unthinking, waffly, vague speech, which ends up excluding certain groups but may not necessarily have started out that way. Over the years, she believes controversy over these stumbling episodes have particularly stirred the debate plus the virulent reaction from the anti-PCers, many of whom have remarkable access to the media to make their case. Hardly powerless.

The deliberate stirrers are relatively unfussed, she suggests, about the informal sanctions that flow from giving offence in public. Presumably, she'd include people like Bob Katter Jnr. and Graham Campbell in this group – but more of them shortly.

Have I now, or have I ever been, politically correct? One of the difficulties of this debate, Andrew Norton says, is that it's so hard to have a good, old go because no-one will admit to being on the PC side. So, I'll just temporarily turn the lens on myself, as is my wont.

Yes, I probably have been. In that I'm not much interested in blind prejudice, find it intensely dull and more or less never seek to interview people who are just "stuck" in their attitudes. I'm curious about people who move around, even if it's in steadily diminishing circles sometimes. Often with great passion – much like David Williamson really! And I have one bottom-line dictum, which I imbibed when living in England in the 1970s and the BBC was wrestling then (as now) with the dilemmas of reporting Northern Ireland. I will absolutely not give a platform to people who advocate violence, though this too can be full of vagaries.

Speech is not infinitely free. Words are like bullets, as lovable Bill Hayden once said. And if I and others have been cautious about acknowledging any doubts about past policies, it's usually to do with fear of sending the debate backwards. The "proud intolerance", to use Gerard Henderson's phrase, on display so openly in some quarters of Australia these days in eye-opening, particularly on issues of race. Sometimes I think we're on very fragile ground here in Australia, with far too few people making their names by being reasonable.

But lastly, we come to the really hard part, the part we haven't solved in Australia. Can I bear to hear the 1990s incarnation of the great Australian ratbag on, say "Life Matters"? Do larrikins who are vulgar and happy to shock get the nod? Are we dealing here with questions of taste or more basic notions of social justice?

Well, as long as they abide by Australian law, yes, mavericks often make great "talent". Bob Katter was one of our guests just before the election and how provocative he was. Several listeners were outraged by his mere presence. I thought he made great radio. Some colleagues thought I should have been tougher with him. But I don't

recall any outright false assertions from him which should have been challenged.

What the last election taught us, particularly in the media, is that we have to work harder at engaging the different styles that exist in this country. Bob Katter and, perhaps, Fred Nile are merely archetypes who invite us to work harder. This is the conversation we had to have, not on altogether new rules, but simply broader. But as for a PC conspiracy, that's systematically put whole policy discussions off-limits. Well not in my back yard – not so that I've noticed.