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REAL REFORM –

THE GOVERNMENT'S INDUSTRIAL RELATIONS AGENDA

Peter Reith

The Coalition was elected with a mandate to reform the industrial relations system and it is my job to implement that reform without delay. Tonight I want to reflect on the rationale for industrial relations reform, comment on the consultation process which has guided the drafting of the Bill and sketch out the political context in which our reforms will go forward.

A good starting point is the assessment made by Gerard Henderson in his recent book *A Howard Government? Inside the Coalition*. In Chapter 6 of the book, "John Howard and the End of Ideology", he argued that the internationalisation of the Australian economy left "little room for major policy divergence between the major parties". This argument is heard not only in Australia but in countries such as Britain and leads to politics being characterised as a contest between Tweedledee and Tweedledum. This can be misleading. As was observed of the British political scene, there may be only half an inch's distance between Labour and the Conservatives, but everyone lives in that half inch.

A Howard Government? then charted the convergence in recent decades of the two major parties on issues such as immigration and trade. Gerard correctly pointed out that John Howard and the Coalition led the industrial relations debate throughout the 1980s, the Labor had effectively conceded that debate and that Paul Keating said as much in his April 1993 Institute of Company Directors' speech. Gerard then went on to argue – and here I part company with him – that the Coalition lost the 1993 election because the *Fightback!* strategy was too radical – too ideological – and that in reaction, the Coalition strategy for the 1996 election was to be deliberately vague about its policies – deliberately devoid of ideology.

As far as the ideology – I prefer the term principles – on which the Coalition's industrial relations policy is based, these principles are (and were before the election) both abundantly clear, and very clearly different from those of the ALP. As everyone knows, John Howard is

walking industrial relations reform policy. And as everyone knows, the Labor government – even after it had been forced to concede the policy argument – was prevented from introducing meaningful industrial reform by the unions. For this reason alone I predict history will be hard on Paul Keating.

Talk is one thing, action another. In the broad sweep of history it is the latter that counts. Gerard has characterised the historical bipartisan consensus on a high protective tariff wall, restricted immigration and a centralised industrial relations system as the “Federation Trifecta”. White Australia was effectively abolished by Harold Holt and Hubert Opperman in 1966. Financial deregulation came in the early 1980s when Bob Hawke followed the recommendations of the Campbell Inquiry established by John Howard. These reforms intensified the pressures for greater labour market flexibility but these were steadfastly resisted by the Labor government. Increased labour market flexibility will be an objective of the government’s Workplace Relations Bill.

The ALP hierarchy may have understood the economic case for reform but they could never accept the underlying philosophy based on individual as opposed to collective rights. And the divergence between the parties on industrial relations will become even clearer as people like George Campbell assert their influence over Labor’s industrial relations policy.

In my first speech as Shadow Minister for Industrial Relations, on 21 February 1995, I set out the principles which would direct the Coalition’s industrial relations policy – freedom of choice, freedom of association, equality of all Australians before the law – and these principles formed the core of the *Better Pay for Better Work* policy document released during the election. In contrast the Labor Government, torn between its nominal embrace of reform and its political dependence on the unions, could never set out its policy clearly.

Better Pay for Better Work spelt out the need for industrial relations reform thus:

Under the existing system, Australian living standards have declined relative to the rest of the world. Real wages have fallen since Labor assumed government in 1983. It is undeniable that the gap between rich and poor is greater now than it was a decade ago. Australia’s labour productivity continues to lag behind that of many of our trading partners and our resultant inability to compete internationally makes us much more susceptible to the cyclical incidence of economic downturn and recession.

A more flexible industrial relations system will increase productivity, achieve faster real growth in wages and profits and, most importantly, create more real jobs.

This assessment stands; the deficiencies in the Australian labour market are very clear.

The Government inherited unemployment at 8.9 per cent, productivity growth stuck at around 1.5 per cent a year, average weekly ordinary time earnings increasing at 4.2 per cent and the massive foreign debt predicted by Labor a decade ago but about which they did precisely nothing. We have inherited a system which produces "pattern bargaining", with virtually identical claims being pursued by unions which do not have regard to the circumstances and productivity of individual enterprises and their workers.

This has not only taken place within industries. There is still a tendency for wage claims in the leading sectors to jump to others. When wage bargaining takes place in this way, without offsetting productivity improvements, the sure result is inflation. As the Deputy Governor of the Reserve Bank made clear on 2 May, Australia's inflation rate is still high compared to other countries.

These are clear signs of the structural rigidities in the Australian labour market. What we need is an industrial relations system that promotes productivity growth, giving us the capacity to grow more strongly and create more jobs, without creating inflationary pressures.

The experiences of other countries underline the benefits that can come with labour market reform. The United States has a decentralised industrial relations system, with workplace arrangements predominantly determined at the enterprise level. Over the last few years the US unemployment rate has fallen from nearly 8 per cent to below 6 per cent, without signs of significant inflationary pressures. The United Kingdom and New Zealand have undertaken significant labour market reforms, aimed at achieving more decentralised systems and more direct relationships between employers and employees. This has been accompanied by a range of other structural reforms.

New Zealand has achieved strong employment growth since the reforms of the early 1990s, with unemployment falling from over 10 per cent in early 1991 to around 6 per cent today – also without experiencing significant inflationary pressure. The United Kingdom is also achieving better employment and inflationary outcomes in the current upturn than in previous cycles.

Now at this point in their perusal of my speech, the opposition will be making a note for Question Time next week: "Reith advocates US, UK, NZ IR systems". Not a bit of it. The government will be reforming the Australian industrial relations system in the Australian way – ensuring a fair go for all. We will be keeping such features of the system as awards and the Australian Industrial Relations Commission.

Now critics tell us that countries that have reformed their labour markets also experience more inequality in wage incomes. But the most fundamental cause of inequality is unemployment and the Labor Party has a poor record on this issue. The average unemployment rate under Labor was higher than under the Fraser Government.

We can and must do better. We know from experience that what we have doesn't work. And the experience of other countries shows that the benefits do come, if the effort is made. We cannot afford to ignore those potential benefits and the favourable impact on those Australians presently without a job.

Specific examples of how the previous industrial relations system held back Australian industries are not hard to find. Australian farmers produce some of the cheapest high quality beef in the world. A steer at the farm gate costs 60 per cent of the cost of an equivalent beast in the United States. But by the time it gets to Tokyo, it actually costs more, and the main reason for this is because in the meantime it's been through an Australian meatworks and an Australian port.

The "Sizzler saga" of last year literally brought home the beef. Despite operating in the land of cheap beef, Sizzlers Restaurants found that it could buy beef on the hoof in America for more than half as much again as it cost in Australia, pack it, ship it to Australia, unload it, inspect and distribute it here and still pay 40c per kilo less than for Australian steak.

Looked at another way, the net animal cost of Australian beef is 74 per cent that of its American counterpart but its delivered cost is almost exactly the same. So Australian processing and transport costs deny Australian beef its competitive advantage. And the growth of the live cattle export trade to Asia demonstrates that meat processing in Australia actually subtracts rather than adds value to our beef product.

The Industry Commission has recommended that, amongst other things, a greater use of enterprise level bargaining would help make the meat processing industry more competitive. This would help create jobs and boost export income. The Government's reforms will make genuine enterprise agreements easier to reach.

The situation on the waterfront is as grim as ever. Figures published in early April by the Bureau of Transport and Communications Economics showed that overall performance at container terminals in mainland capital-city ports actually declined again in the December quarter. Both Sydney and Melbourne saw a fall in container crane rates over the September quarter. This after the previous Government had dished out \$420 million to wharfies to make the waterfront more efficient.

The Bureau also compared Australia's waterfront performance with that of Asian ports. A comparison of a five-port group of container terminals in Sydney, Melbourne, Brisbane, Yokohama and Osaka revealed the following spread of moves per working hour: 14, 20, 12, 47 and 32. It also showed an index of ship based charges at these ports (starting with Sydney) as 100, 138, 77, 77 and 70. In terms of the number of containers moved, the Asian ports studied had a much higher productivity than their Australian counterparts.

The situation in these two industries give an indication of the dimensions of the problem, the legacy of industrial inefficiency left by Labor. The Government is confident that the Workplace Relations legislation will in good measure provide a solution.

It's not my intention to go through the Bill line by line, but I thought you might like to have an overview. The Bill retitles the existing Act as a symbol of the new start we are giving Australia's workplace relations. In sharp distinction to the prescriptive tone of Labor's Act, the new Act will *enable* parties in the workplace to enter into more productive relationships. It will discourage unwanted third parties from trying to dictate outcomes to the parties and it will remove a lot of Labor's complexity.

The OECD provided a good summary of what needed to be done in its 1995 Economic Survey of Australia. The OECD said that industrial relations reform in Australia was:

. . . guided by the – now generally accepted – recognition that higher flexibility and productivity of enterprises can be achieved by moving away from the traditional centrally-determined awards system of industrial relations towards increased reliance on bargaining of wages and other conditions at the company level. . .

But goes on to say:

The new legislation still remains very complex and highly prescriptive for both certified agreements and enterprise flexibility agreements. This may mean that negotiating enterprise agreements is time consuming and costly . . . the implementation of the legislation so far has not been trouble-free largely because it left scope for different interpretation as to the extent of involvement by the AIRC as well as by trade unions.

Specifically, the legislation will:

- have new objects, which will focus the system on giving primary responsibility for industrial relations and agreement-making to employers and employees at the enterprise and workplace levels, with the role of the award system confined to providing a safety net of minimum wages and conditions; ensuring freedom of association; the avoidance of discrimination; and assisting employees to balance their work and family responsibilities effectively.
- simplify the award system and focus on its role as setting a safety net of minimum wages and conditions.
- confine the AIRC's jurisdiction to incorporate matters in awards to some 20 prescribed matters. All other matters will generally be determined at the enterprise or workplace level, whether in formal agreements or informally. New awards will not be able to contain matters other than those prescribed.
- prohibit new paid rates awards. Under the supervision of the AIRC, existing paid rates awards will be converted, over time and after consultation with the parties, to minimum rates

awards. The legislation will guarantee that there will be no reduction in pay as a result of this process.

- provide for Australian Workplace Agreements (AWAs) and Certified Agreements (CAs).
- AWAs will be simple and user friendly. There will be no pre-agreement testing or uninvited union involvement. Employees will be able to appoint a bargaining agent (including a union) to negotiate on their behalf and will have a choice to sign individual or collective AWAs.
- AWAs will be underscored by specified minimum conditions, the inclusion of advice to employees of statutory entitlements and the establishment of the Employment Advocate (EA) as a statutory officer through a separate part of the Act. The EA's functions will include: providing advice to employees and employers, especially small businesses, on the new Act, in particular on AWAs and minimum conditions; receiving and filing AWAs; handling alleged breaches of AWAs and the freedom of association provisions; assisting employees in prosecuting breaches where required; and providing aggregated statistics on AWAs.
- introduce new streamlined arrangements for CAs to make them more accessible and able to be finalised more efficiently. An important criterion for CAs will be that they are supported by the majority of the employees affected. Scope will be provided for non-union CAs (eg in non-unionised workplaces).
- ensure genuine freedom of association. This is a fundamental principle underpinning the government's industrial relations policy. Union structures and roles will be revamped: the "conveniently belong" requirement will be abolished and the creation of enterprise unions and autonomous enterprise branches will be facilitated. Individual employees will have the freedom to join or not to join a union: preference clauses will be outlawed and compulsory unionism or discrimination based on membership or non-membership of union or employer associations will be prohibited. The AIRC will have limited powers to deal with disputes about union coverage, where these are adversely affecting third parties such as employers. Right of entry will be restricted to unions with members who have invited them into their workplace. Provision will also be made allowing for the disamalgamation of unions, subject to membership support.
- permit a limited right to strike and lock out while negotiating CAs and AWAs, but not during the period of an agreement's operation.
- strengthen the AIRC's powers to curtail industrial action (other than for the protected right to strike and lock out). These will be

made enforceable by injunctions. Strike pay will be prohibited. Secondary boycott provisions will be restored to the Trade Practices Act.

- introduce a new unfair dismissal system which will apply only to the federal jurisdiction and rely substantially on the Corporations Power rather than a literal application of the relevant treaty. Dismissal on grounds which are discriminatory will be proscribed.
- facilitate the harmonisation of federal and state systems of industrial relations through complementary legislation and other arrangements.

What will these changes mean in practice? The following examples are of actual cases raised with the government in recent weeks. They are often part of industry-wide pressures which have nothing much to do with the way individual firms are run. They are indicative of why we need a simpler, more flexible system which allows companies to get on with their business.

Case study A: A small business which cleans and installs carpets in commercial properties, whose owner and operator sub-contracts to building companies and property owners. He is frequently confronted by representatives of the Construction Forestry Mining and Energy Union (CFMEU) demanding that he join the union and when he refuses, he is frequently denied employment.

The government's legislation will outlaw compulsory unionism and protect individuals (including independent contractors) from coercion, whether direct or indirect, aimed at forcing them to join a union.

Case Study B: A plumbing contractor in regional NSW which employs 17 people, most of them qualified plumbers or plumbing apprentices. The Communications, Electrical and Plumbing Union (CEPU) has forced the business into a federal award, and is pressuring the company to sign the union's standard pattern agreement. The CEPU intervened at a time when the company had negotiated but not yet certified an agreement with the State Industrial Commission and despite the fact that the employees had indicated that they were happy with the state agreement and did not wish for union intervention.

The Workplace Relations Act will remove the provisions which allowed the "fast tracking" of transfers from the state to the federal jurisdictions and so make it harder for unions to drag businesses into federal awards. The Government's legislation will ensure that federal awards will not over-ride state agreements.

Case Study C: A food retailer based in a capital city employs about 25 people, aged mainly between 17 and 19. Some of the workers are students wanting to work flexible hours so as to be able to attend lectures and the individual state arrangements they were employed under made their desire for flexibility easy to accommodate. One would

have thought that this was a beneficial arrangement, but the Shop Distributive and Allied Employees Association (SDA) saw the matter differently. Without prior warning the SDA served the company with a dispute notification so as to drag it into a federal award. As a result, the company has two choices – spend a lot of money defending its current arrangements, or be faced with a set of award conditions which will result in higher employment costs and reduced flexibility.

The Government is committed to ensure that employees and employers will have a genuine choice of the industrial arrangements they work under. I reiterate that our approach is enabling not prescriptive. In addition to the removal of the “fast tracking” procedures referred to above, for those workplaces which have moved from the state to the federal jurisdiction, federal industrial arrangements – both awards and agreements – will be simple and flexible.

Case Study D: A small international freight forwarder based in a capital city, owned by a husband and wife and employing one other person. The owner drives a small company-owned truck for deliveries. An owner-driver who delivers freight is frequently prevented from going about his business by the Transport Workers' Union, which denies entry to drivers who don't produce a union ticket. As a result the business loses time and money. The company producing the goods can only be guaranteed timely delivery by unionised drivers. This is uncompetitive.

The Government's remedy? The abolition of compulsory unionism and the introduction of effective sanctions against attempts to coerce people into joining a union. These sanctions will include damages for economic loss.

These examples reinforce, in practical terms, the need for change at the level of the economy as a whole, in various industries and at the level of the individual enterprise.

The process of drafting and consultation that I have been engaged in over the last two months has been a big task. It has made a huge demand on the Department of Industrial Relations, which has risen admirably to the task. Experts from academia and private enterprise, employer organisations and, dare I say it, representatives of the trade union movement, have all been significant contributors to the process. I have had the benefit of some of the best qualified people in the country reading and commenting on the proposals. For example, Professor Judith Sloan, an acknowledged expert and noted commentator, has been reading the Bill this week. Her advice is invaluable.

The blueprint for my task was the “Better Pay for Better Work” document. It is a source of some amusement to me that last year I was accused “having a draft Bill in my pocket” – that is, of being determined to avoid consultation on the drafting of the Bill – but this year I stand accused of “not having a draft Bill in my pocket”. In *The*

Australian of 29 April, Senator Kernot was quoted as saying "The fact that they don't have legislation ready suggests they've been lazy in opposition". The Shadow Minister for Industrial Relations, Mr McMullan, has hitched a ride on the Democrats wagon. He even went so far as to make a joke about it: the Government, he says, appears to be "having difficulty getting its Act together". How incredibly droll. I've no doubt he was making equally witty comments throughout the five months Labor spent haggling with the ACTU before they could even begin to draft their 1994 Industrial Relations Reform Act - a much more modest task than ours.

The drafting process has been a very considerable undertaking and the government was committed to an extensive process of consultation. This promise has been well and truly kept and the Bill will be introduced into parliament this session as we promised it would be. As I said, "Better Pay for Better Work" was the blueprint for the draft legislation. This may be seized on as further evidence of "macho posturing", but the Government's determination to achieve the objectives in the policy document is quite fixed. We were elected to do so.

Having said that, I don't think it has been sufficiently widely recognised that the whole purpose of the consultation process was to involve interested parties in the drafting process and in particular, to seek their views on how to reach those policy objectives in a way consonant with the public interest and the interests of the constituencies they represent. The consultation process has enabled us to build on our election mandate, to bring community groups along with us on an informed basis. These consultations have been conducted in an entirely frank manner and have been most productive.

There has been a formal consultation process with the states through the Labour Ministers Council (LMC). There has been the formal consultative process on technical matters through the Committee on Industrial Legislation (COIL), comprised of representatives of the government, ACCI and the ACTU and through COIL's parent body, the NLCC. All up, I have had 30 hours of discussions with the ACTU.

I have consulted with individual unions on issues in the policy which had particular relevance to them. I have consulted with representatives of peak women's organisations. I have consulted with social welfare bodies such as ACOSS, with representatives of religious organisations and I will be consulting with the Federation of Ethnic Community Councils of Australia tomorrow. I have consulted with a broad range of employer organisations. I have consulted with the Democrats and I have consulted with Senator Margetts and Senator Harradine. The minor parties and independents in the Senate have been provided with a copy of the Government's detailed policy Implementation Paper. I have consulted with Minister Shaw. I have

consulted with the Coalition's backbench Committee on industrial relations.

The result of these consultations has been that in many cases, after considering proposals put forward by our interlocutors, the way in which the Government intends to reach its policy objectives has been amended. Examples include the prices of the conversion of paid rates awards, the treatment of equal pay, and the inclusion of hours of work as an award condition.

To turn now to the political context in which this process of consultations has been occurring: in its dealings with the union movement, the Government has met two quite different responses. I have already noted the role the union movement has played in negotiations in COIL. But in the political arena the unions' response has been predictably bellicose, if falling somewhat short of the dire predictions made before the election.

The unions' public response could be characterised as "a campaign a day keeps reform at bay". One can scarcely open a paper without reading of another nationwide campaign launched or threatened. These campaigns exploit fears or are based on propositions that are utterly without foundation. But whilst the unions' response to the Government's implementation of its industrial relations policy has been lively and diverse, their former Accord partners, the political wing of the labour movement, have made only a few reactive and predictable comments on industrial relations. These need to be seen in their proper context - that of a total lack of credibility.

After the election the *Bulletin* ran a cover entitled "What's wrong with this picture?" The photo showed Paul Keating, that champion of more women in parliament, superimposed on a picture of a sizeable group of female parliamentarians. The problem of course, was that the women were Coalition parliamentarians.

In the same vein, visualise this picture: a worker pathetically clutching his pay envelope to his chest whilst Peter Reith bears down upon him, blood dripping from his fangs. All of a sudden the comforting, avuncular figure of the Leader of the Opposition materialises, sleeves rolled up, cudgel in hand, saying to the worker, "It's all right mate, I'm here to hold them to their promise to not cut pay". What's wrong with this picture? Just this: for thirteen years Mr Beazley and his mates cheerfully cut pay - and boasted about it.

When Shadow Minister McMullan does speak on industrial relations, he seems like many of his colleagues to have difficulty coming to terms with the outcome of the election. For example, in a 22 April speech to the International Chapter of the Young President's Organisation Mr McMullan said:

To understand the implications or the significance of our East Asian strategy, it is important to remember that the Australian government in partnership with the Australian community, the trade union movement and the Australian industry has transformed the Australian economy.

With the proviso that he is talking about the former government, it is certainly the case that Labor's partnership with the unions deeply affected the Australian economy – for the worse. In a press release of the same day, Mr McMullan warned of the terrible dangers posed to Australia's East Asian strategy by the government's industrial relations policy which, he seemed to imply, was drafted solely for the delectation of right wing academics. He said, "I am gravely concerned that the industrial relations harmony which was a product of those mechanisms (ie the Accord), and which facilitated economic reform, might be in jeopardy . . . the prospect of increased industrial strife poses grave risks for the success of our relationship with East Asia."

Now, Asian countries may have doubts about the worth of Australia as a trading partner, but if they do they are much more likely to stem from Labour's industrial relations arrangements rather than those the Coalition proposes to introduce. I believe I can say this with some confidence because on 20 February the Secretary of the ACTU, Mr Bill Kelty, wrote to the Chubu Power company in Japan, warning that supplies of coal from CRA's Vickery mine were at risk unless the company bowed to union demands.

And Mr McMullan's oft-repeated claim that the Accord led to a benign industrial climate is as ridiculous as it was before the election. A graph in the *Economist* of 20 April 1996 shows that in the period 1985-89, Australia had the ninth highest rate of industrial disputes in the OECD. The same graph showed that in the period 1990-94, Australia had the seventh highest rate of industrial disputes. Labor continues to pride itself on the fact that the rate of industrial disputes in Australia fell from 1983 to 1994 (it rose significantly in 1995) – missing the point that the rate fell world wide. In this period Australia's rate tracked the worldwide trend down but flattened out at a level much higher than that of our trading partners and competitors. One of our objectives must be to encourage a more cooperative and harmonious attitude towards work and, as a compromise, reduce the level of strikes, bans and limitations.

It is clearly the case that Labor and the union movement are hopelessly confused about the industrial relations policy to be pursued by the Opposition and its relationship with the trade union movement. And I mean hopelessly confused. For example, last Sunday we had a strange report from the UK that a prominent Australian had commented "I suppose that the facts are that the ACTU and the union movement (have) been a bit more old fashioned than the Government . . . you've got to bite the bullet. Australia has got to be part of the rest

of the world, it's got to be internationally competitive and we've got to do so sooner than later." The report was strange because the prominent Australian was none other than Bill Kelty.

At the moment, Labor are all over the shop on industrial relations and its leaders are openly contradicting each other. On 19 March the Leader of the Opposition, musing upon the task facing the ALP in opposition, refused to commit the party to a new Accord on its return to government. Mr Beazley said that the election campaign had wrought a "fundamental change" in the relationship between the political and industrial wings of the Labour movement and signalled that the relationship would become less intimate.

Mr McMullan is in tepid agreement with his leader, but Gareth Evans clearly isn't. In *The Weekend Australian* of 27-38 April 1996, Mr Evans was quoted as saying, "There will always be a case for an Accord. There will always be a union movement, a union leadership, that's capable of developing a cooperative approach with the government." Evans' public disagreement with Mr Beazley might have been dismissed as an aberration, were it not for the fact that Mr Evans repeated his pro-Accord stand on *Meet The Press* on 12 May 1996, saying that an Accord between the union movement and a future Labor government would be "absolutely crucial", despite what hotheads in unions might be saying. But assuming the Right can agree on the type of relationship the ALP should have with the union movement, is it actually up to them? Because the Left, freed at last from the Babylonian captivity of government, is stirring.

On 9 May the CFMEU - of all people - came out and said what the Coalition had been saying all along: that the Accord had been a betrayal of workers' interests. The CFMEU demanded that the ACTU renounce any further intentions of an Accord. This was a significant blow to the credibility and its authors. And Senator-elect George Campbell, he who gleefully predicts "blood on the waterfront", he of whom Paul Keating said had a "hundred thousand scalps hanging from his belt" as a result of the wages breakout in the early 1980s, he who in the election campaign drove Centenary House to transports of fury by his decision to put AMWU funds behind individual candidates rather than into the party's central funds, is on his way to Canberra.

On *AM* on Anzac Day 1996, George Campbell said that the Howard Government had "a very clear political agenda which is a class agenda and they make no bones about it. There is no illusion in the minds of the leadership of the trade union movement or, I think, of people who have been around in the political movement, what Howard and Costello and those forces are about. They are about the crushing the institutions in our society that have a capacity to defend working people. They are about maximising the exploitation of working people in our society. They are about pushing down living standards, they are

about maximising profits, they are about competing in the international marketplace by lowering living standards of working people and they make no bones about it. . . I mean it is a very clear, brash, class agenda. . .”

This is of course not the Howard Government's agenda, it is a photographic negative of that agenda, viewed from the opposite end of the ideological spectrum. But this is the sort of stuff Mr Beazley will have to put up with at every caucus meeting as he attempts to construct a viable Labor opposition policy on industrial relations. One wonders if he will ever maintain any distance from the union movement without a fundamental restructuring of the ALP.

So according to the CFMEU, maybe according to Mr McMullan and Mr Beazley, but not according to Mr Evans the Accord is dead.

However the ALP describes its relationship with the ACTU, there is another Accord in the offing, one between the ACTU and the Democrats. And this Accord, if sustained, has the capacity to damage the interests of Australian workers in the same way that the previous Accord did. The previous Accord failed because it institutionalised neglect by union bosses of the rank and file – which is why the Coalition received such a high proportion of the blue collar vote in the election. It is the Coalition's reforms, not political deals, which can deliver the flexibility which will deliver higher pay.

Everyone knows that the Democrats were elected on a promise to “keep the bastards honest” and everyone knows that means that their mandate is to ensure that the Government does what it promised it would do. The Government promised that it would reform the industrial relations system and we look to the Democrats to support us in that objective. If they do not, then several questions arise.

First, it becomes incumbent on the Democrats to explain why the wishes of that 8 per cent of the electorate who voted for them should override the wishes of the five million people who voted for the Coalition. Second, it becomes incumbent on the Democrats to explain to the employers and employees mentioned in my four earlier case studies why they should be subject to the kind of union interference they currently labour under. Why should the owner of the carpet company be denied work because he doesn't want to join the CFMEU? Why should the plumbers have their agreement overridden by the CEPU? And third, it becomes incumbent on the Democrats to explain how a determination to maintain the status quo, for example, on the waterfront – with all its rorts – is in any way consistent with their pledge to maintain public honesty.

The Democrats do not have the support of the Australian people to obstruct necessary reforms. The Coalition does have the support of the people to introduce the necessary reforms, to give them better pay for better work.



Photo - David Karamidis

Eva Cox

Leading Women (Random 1995) is Eva Cox's contribution to the debate on the tactics women can adopt to take control in management, politics and public life. To elaborate on her theme, and explain some of those tactics, Eva Cox addressed The Sydney Institute on Tuesday, 21 May 1996. Writer and social critic, Eva Cox currently lectures at the University of Technology in Sydney and was the 1995 Boyer lecturer. The paper which follows, is an edited transcript of Eva Cox's address to The Sydney Institute.

LEADING WOMEN

- DO JUST NUMBERS MAKE THE DIFFERENCE?

Eva Cox

Since the 1996 Federal election there has been a big emphasis on John Howard wandering around with a trail of backbenchers saying, "We've got all of these women in parliament and this is obviously a great change." And there are comments like, "Doesn't this prove that the Liberal Party's structures work far better than the Labor Party quotas?" Well I'll acknowledge that. I don't think the Labor Party's quotas have worked at all. It's fairly sad that the Labor Party, after making a lot of fuss, actually was beaten by the Liberal Party on numbers.

But what I want to talk about tonight is not numbers. I do not think that just getting women into positions of power is going to be anywhere near enough to create a difference. Some of my colleagues might think I should wash my mouth out with soap and start all over again. For a long time, one of the very basic tenets of feminism has been to get women into any positions of power. A lot of energy and time has been spent on equal opportunities, on a variety of strategies to get women into positions of power. I lobbied very heavily for the establishment of women's units and for Equal Employment Opportunity, and ran a training program for women encouraging them to apply for jobs, thereby increasing the number of women in positions of power. And yet in the last year or so I wrote a book called *Leading Women*. It's a deliberately ambiguous title because I wanted to raise the question of "are women leading or are we being led"? Are people leading women around in a way which has not substantially improved the representation of women in terms of changing agendas?

So the question tonight of whether numbers make a difference needs to be answered in two parts.

Firstly on equity grounds and efficiency grounds: yes, having more women in positions of authority and leadership is a good idea. On equity grounds we have as much right to be there as men. And on efficiency grounds we can assume that picking leaders from only half the population means you are missing out on half the potential talent.

Secondly as agents of change we need: to broaden (sic) an agenda which is overtly limited to macho economism. Maybe. This depends on whether you think the current directions of the world and its leadership are satisfactory. If the style and content of the political and business high flyers of today and tomorrow are offering you options that you feel personally and socially comfortable with, then maybe numbers are enough. If, however, you share with me an unease at the general direction of government and big business, then we need to look at processes of change. I am deeply concerned at the lack of discussions on the type of society we want, the general directions of leadership and the quality of life we may want to have.

Many people equate numbers with change. Many of the women coming up through the system are equating numbers with change but this will not threaten the system, ignoring that they do not accept they have the capacity to make changes to the system. It's something sociologists should have been able to predict. Systems have a very good capacity to actually protect themselves. It is a very pertinent question to look at an example of numbers. We now have more women on the back bench in the Liberal Party than we've ever had before. We have more women in Cabinet than the last Keating Government. We've got more women in the Ministry than the last Keating Government. So what effect has that had? The first thing Howard did, having called his first Cabinet meeting, was abolish the Social Policy Committee of Cabinet. He kept the Economics Committee and the Defence Committee. So with more women in Cabinet he still could not see that Social Policy was sufficiently important to keep it as a committee of Cabinet. So strike one against the "numbers making a difference" theory.

More women in Cabinet doesn't seem to have affected the debates about what the roles of the public sector or the public service are. And I wouldn't expect it to change when Cabinet has just two women, as they would have serious difficulty in putting women's issues on their agenda. We do have a push within the Department of Prime Minister of Cabinet to (a) cut some of the numbers in the Office of Status of Women and (b) to cut the grants to the National Women's Organisations. Some people say why do we need them? We need them because there are only two women in Cabinet. We need them because there's still only something like 14 per cent of women in the Senior Executive Service. There are relatively few women at the senior ranks who could - were they allowed to - offer alternate advice.

I want to make it quite clear that I don't think women are genetically programmed to be warm and caring. Nor do I think that we will automatically take the side of goodness and righteousness; nor do I think there's a unified view of feminism. Women have the same capacity for good and evil, for being nice and not nice, as men have. We women can also be bitches; we can also be oriented towards outcomes

not process; we are not necessarily all that good in interpersonal relationships.

But I'm also aware of the fact, that for a long time in Western industrial civilisations women have been socialised towards paying attention to people's feelings; towards picking up issues of care, and women do bear children. These factors still do have a serious effect on women's life chances in the work force. Women bring their experiences into the workplace, and by bringing these experiences in, women find things they have in common, often across wide political boundaries. Women understand the need to take time off work to care for a sick child, to worry about what's going to happen when ageing parents need support. Women are often concerned about the day to day issues because they do most of the shopping, and housework and take on the responsibilities for arranging household tasks. Women come into work places mostly with a different set of experiences.

We have survived, with some damage, a decade or more in which almost all public discourse has been framed in economic terms. If we have small deficits and GDP growth (but not too much), we are presumed to have happiness in abundance. Economic indicators have replaced the social and we have little discussion of the effects of economic neo liberalism on our social fabric. There are prospects of the unravelling of many of the more civilised aspects of public and social life. With ever decreasing government spending and, apparently, in parallel with lessening voluntary involvement in civil society, this scenario presents a series of black futures. There is the loss of trust, of social capital, which derives from co-operative, collaborative relationships with fellow citizens and commitments to a common good.

Many things about present society make a lot of us feel very uncomfortable. I recently spent ten days in the USA and, quite frankly, was appalled. From the moment you arrive they start hectoring you through the loud speakers about not leaving your luggage on the carousel in case somebody nicks it. Then there is the constant reiteration of the fact that you shouldn't walk down the streets at night on your own - If you're on the beltway in Washington don't look at or glare at other drivers in case they shoot you. There is a real sense of fear and tension about daily life. That's not the sort of world that I want to live in.

It is very important that we put social issues back on the agenda. And this relates to more women in power. I do believe that enough women, say at least 40 per cent, will create some shifts in the main agenda, were it to happen in the short term. We have a very masculine agenda in the public sphere.

One of the things I write about in *Leading Women* is the issue of difficult women. I'm a difficult woman. I once started going through biographies of women. As I opened up the first pages of almost every

one I found statements like "Florence Nightingale was a difficult woman", "Marie Curie was a difficult woman" and so it went on. Woman after woman who had actually been active in any way in social change was always labelled "difficult". And that's not hard to work out why. Because good women don't push. Good women don't raise their voices. Good women don't sit there saying "Excuse me I've got a better idea". Good women if they say anything, apologise five times before they get round to saying it just in case they get it wrong. By this stage people have stopped paying attention to what they are saying.

Women who are outspoken, who missed out on that bit of socialisation that told them that they should actually avoid conflict but were quite prepared to get in there and talk, discuss, debate, argue are nearly always labelled "difficult" women. What I'm putting is a plea that we should have "difficult" women in positions of power. That's extraordinarily hard because the majority of women who are getting up through the system, get up there because they are prepared to, in a sense, be good women or surrogate men. Women find it hard to be both an outspoken agent of change and female in the current system. There are a few of us around. Most of them are either jobless or consultants. Very few of them have been able to sustain themselves in the system. I am an academic, which is out of the system.

It's important to start looking at what happens when you don't get diverse voices in decision making positions. The agenda that we have running now under Howard, is probably more macho, more limited and more economic (if you removed the issue of guns) than the agenda that we even had under Keating. Keating at least tried to keep issues of the social wage and spending on the social fabric going at the same time as he pretended to be an extremely dry economist. John Howard has done well on guns, but in a sense this was an aberration. His brownie points in this area do not compensate for what seems to me to be the considerable assault on our social capital stores which will arise from the huge cuts he is imposing.

The behaviour we have seen from some sections of the gun lobby may be signs of the future if we do not address some of the issues of social cohesion. The cuts to the public sector, supposedly coming in the budget, will cut seriously into a lot of social programs. You note we have exempted the Department of Defence from any cuts. So it's coming out of education, social security, health and community services. These are all the areas in which women work and which are about social and quality of life issues rather than the economy.

It is very interesting to note that one of the bits of political wisdom that have been pushed around for a long time is that no government will lose office if there are good economic indicators. But Keating did.

Keating lost office against the political pundits' idea that if you had falling unemployment and rising GDP you would not lose office. Paul Keating did not lose office because people didn't understand what he did. I think they did understand. He lost because his government failed to promote their programs and people lost the "feel good" factor. They felt a sense of disquiet about the way the world was going and because John Howard, somewhat fallaciously, said he was going to keep the mixture pretty much as before with a few dinking bits around the edges, people thought this change wouldn't matter. The "feel good" factor is now affecting John Major's chances of being re-elected, despite the fact that his economic indicators are improving.

There is an electorate out there that is uneasy about the economic directions of the world, about competition, self interestedness, selfishness and market forces. These have left people feeling uneasy, about where they sit as part of the social system. Changing direction is what putting women in the system should be about. If you agree that we need to change the agenda, then putting in more women who are outspoken, and therefore labelled difficult, may be a good move. If you accept that we need more debates about our future directions, then we need diversity of views among our leaders.

If the last election debates left you feeling much was left out, particularly how we could create a more truly civil society, then we need arenas for debate. So for me, the presence of feminists in leadership positions is about changing the agenda, not just more child care as a tax deduction. More feminist input for me is both the subversion of the present consensus and an indicator that more diverse views are welcome.

Change to a more civil society relates to putting different people into leadership roles; to moving away from an image of leadership which is very macho or very masculine. Away from competitive urges, figures, the economy which are not about society. The concept of society has not had a really good run for a long time. And yet there are people out there that want it back. Having two women in Cabinet is not going to put "the social" back on the agenda. It hasn't happened so far. Interestingly enough those two women have the portfolios where large cuts are going to occur!

There are serious questions to ask about the directions that we're going in and the sort of society that we want. And talking about what the public sphere does is a way of unifying us. In my ten days on an international project in the USA, we raised a lot of questions. Questions like is there a decline of social capital? And can democracy work if there is a decline in social capital? Social capital, in the term we talking about, is about trust. It's the relationships we have between us. It is about the way we interact. It's about how we connect and disconnect. What links us. It's about what's often called social glue o

the social fabric. It's about what weaves us into something where concerns are not just about the amoral individualism or the amoral familism that some people talk about, but about whether or not we have a concern for others. It's also about whether we give to the stranger rather than just those people we know I like. It's about setting up a social system which works easily and comfortably because we all feel a responsibility to the broader society, and therefore we actually want to be part of it.

So I want to change the public agenda. I want to try and put the social back on the agenda. I am a feminist because some of the views I put as a feminist, and are part of the feminist debate, are about a society where the agenda includes more than economics. The big thing that we have been doing as women, as feminists, for the past years has been to put a lot of things on the public agenda that were originally assumed to be private. The family was assumed to be private. Now many of the things that have happened in families have been put back on the public agenda. Women have moved into paid work. So it is about time that we seriously looked at that public/private split to see if it's even useful in a world where many things have moved out of the household and into the market place and the public sphere and vice versa.

The 1996 Federal election in Australia removed a government with good economic indicators. The next may do the same. Especially if no one looks at the social malaise which is about to be exacerbated by government cutbacks in the social portfolios. So we need a broader set of experiences articulated in the public sphere, more leading women. Women who don't just manage people downwards, but take on the big picture and argue for the inclusion of all those other parts of life not on the political agenda. Then maybe the men who are also dissatisfied with present directions, may also be heard and believed.



Photo - David Karonidis

Susan Boyd

Susan Boyd is Australia's Ambassador to Vietnam. On a return visit to Australia she addressed The Sydney Institute on Wednesday 29 May 1996. Susan Boyd pointed out that the majority of Vietnam's population has been born since the end of the Vietnam War and for them the way ahead depends on investment and building for the future - a process in which many Australian companies are involved.

VIETNAM : THE

COMMUNIST PARTY STOCKTAKE AND WHAT IT MEANS FOR AUSTRALIA

Susan Boyd

In late June the Communist Party of Vietnam (CPV) will hold its Eighth Party Congress. Many observers of Vietnam see this Congress as a watershed for the country. Policy directions endorsed by the Congress and the leaders elected by it will shape the continued developments of Vietnam to the year 2001 and beyond.

Australia has a wide variety of interests in Vietnam and our task in the Australian Embassy in Hanoi, with input from our Consulate General in Ho Chi Minh City, has been to follow carefully the preparations for the Congress and the political framework in Vietnam in which these have been progressing over the last months and to place ourselves in a position where we can best promote and protect Australian interests in the changing environment.

So, firstly, what are Australia's interests in Vietnam? Why have an Embassy there? And how are we placed? In short, we are very well placed. You may recall that one of the first foreign policy acts of the Whitlam Government when it was elected in 1972 was to recognise North Vietnam. This was at a time when Vietnam was still divided, the civil war was still underway, the war we call the Vietnam War, and the Vietnamese call the American War – to differentiate it from the multiple wars against the various Chinese invaders which characterised the previous 2,000 odd years of Vietnam's history, and the more recent war against the French. Americans and Australians arriving in Vietnam for the first time now, for whom Vietnam is still, psychologically, a war and not a country, are astounded to find how little modern Vietnamese are concerned about the war which so dominated our domestic politics and shaped our ideologies. For the Americans, Vietnam was the longest war in which they were involved; for Vietnam, it was the shortest. The majority of Vietnam's 75 million population are under the age of 20 and have therefore been born since the war ended in 1975.

For their elders, and for the leaders of Vietnam, who were involved in the war, now is a time for pragmatism, not forgetting the past, but heeding its lessons, and looking to and building for the

future. And that future depends on a flow of investment capital, technology, education, training, trade and international security co-operation from the "West", from the former adversaries, the USA, Australia, France, Japan, Korea and Britain as well as from the EU and the newly wealthy states of Asia, including Taiwan, Singapore, Malaysia and Hong Kong.

So, in 1972 we recognised North Vietnam and established diplomatic relations, establishing an Embassy in Hanoi in 1973, while we still maintained diplomatic relations with South Vietnam and had an Ambassador and staff in our Embassy in Saigon until the fall of Saigon on 30 April 1975. (An event which, by the way, the Vietnamese call the "liberation" of Saigon.)

The staff of the Embassy in Hanoi in those days did the hard yards. They were housed in the Thon Nhat Hotel, formerly (and now, again) the luxurious French Hotel Metropole, but then run down, rat infested, with intermittent electricity supply and little food. The only link with the outside world was an Aeroflot airlink to Vientiane and thence Bangkok and staff took it in turns to make the hazardous journey to bring in diplomatic mail and food supplies. Hotel bedrooms doubled as offices, staff kept the ciphers under the pillow at night and the official vehicles were three bicycles. My colleague Richard Rowe, who served in Hanoi at that time, tells how staff would raise their legs high as they coasted on bicycles into the darkened hotel courtyard to avoid being bitten by the armies of rats.

But these pioneers patiently and steadily built contacts and friendships with those they were allowed, or managed, to contact and Australia instituted a small aid program including training in Australia. The training program persisted, through UN agencies, during the international freeze against Vietnam during the occupation of Cambodia, and resumed in full force after the Vietnamese withdrawal.

The net result is a extremely useful network of alumni in Vietnam, in all government departments and agencies, in all the universities and in the arts and cultural worlds, of people who have spent time studying and training in Australia, learning about us, our values and our capabilities. There is a large body of influential Vietnamese who are well disposed towards Australia. Forty per cent of the professional officers of the Ministry of Trade, for example, have undertaken tertiary or post tertiary training in Australia. We are in the process now of developing a program of alumni activities in Vietnam, so that we can maintain contact with these alumni, and help them maintain contact and interest in Australia. The bilateral training program still provides more than 150 scholarships annually, and more study in Australia is funded by UNDP, other bilateral donors and business. The number of full-paying students is growing fast. On current projections up to 3,600 students may be studying in Australia by year 2000.

So, when the Sixth Party Congress of the Communist Party of Vietnam adopted the policy of *doi moi*, or renewal in 1986, which abandoned the old centrally controlled economic model in favour of economic liberalisation and a move towards the market economy, Australia was well placed to help. The Australian Telecommunications company, then OTC, now Telstra, was the first Western company in, showing Vietnam how it could build the vital telecommunications linkages so essential for the functioning of a market economy and how it could earn foreign currency, not only to pay for the service but also feed into general revenue.

Other Australian companies followed, demonstrating that they had the expertise, technology, capacity to mobilise investment capital and could provide the vocational training and education services to help move Vietnam along its chosen path.

We now have more than 100 Australian companies with significant operations in Vietnam and 48 licensed investment projects, with total investment capital of US\$750 million. There are an estimated 4,000 Australians in Vietnam, currently working not only for Australian companies, but also for those from other countries and on international aid projects.

Of the *Business Review Weekly's* top 500 Australian companies, 18 are active in Vietnam. Major sectors for Australian involvement are gas, petroleum and energy (BHP, Anzoil, State electricity companies); services (ANZ and Commonwealth Banks; lawyers Freehills, Phillips Fox and Deacons Graham and James; accountants Bourne Griffiths and Panell, Kerr, Forster; Insurers QBE and MMI; Qantas and other tourism providers); construction (Transfield, Leighton, Thiess, John Holland and Pioneer, Kinhill, Maunsells, Coffeys and SMEC, Vinausteel and Austnam Metal roofing); mining (Arcourt, Western Sands, Normandy Poseidon, Auridiam, ICI explosives, Minproc, BM [CH]); and a number of companies trading in foods and consumer products. Manufacturing is starting to take off, including Australian interests in brewing, footwear, packaging and building products.

Over sixty Australian universities, vocational training institutions, English Language teaching colleges and schools have contacts and programs with Vietnam and the international school in Ho Chi Minh City is an Australian institution. It is to be replicated in Hanoi. In the media, the influential Vietnam Investment Review is an Australian joint venture and Packer, Murdoch and other Australian players also have operations and interests in Vietnam.

For the first few years after the introduction of *doi moi* Australia topped the table of foreign investors. However, other countries in the region woke up to the reality and potential of Vietnam, and now the top investors are the newly rich and capital-exporting Asian economies of Taiwan, Japan, Korea, Hong Kong, Singapore and Malaysia.

Australia still comes next, but, following normalisation of relations with the USA, more American companies are investing in Vietnam, and other important investors include the French. The total value of licensed direct foreign investment is nearly \$US 18 billion.

I am not too worried about our *ranking* in the investment tables. The Asian tiger economies have more capital to export and since their manufacturing industries in particular are being hit by rising domestic wages as their own economic development proceeds, are therefore looking to relocate. Also, the economic base in Vietnam is still comparatively small, and one single large investment project can change the rankings overnight. I am concerned that Australian companies should continue to look for opportunities in Vietnam and capitalise on the groundwork put in by the Australian government and business. Vietnam is going to continue to grow economically and become a more significant regional player. There will be more benefits in continuing engagement. Australians are very well regarded in Vietnam. We are seen as honest, hardworking, truly egalitarian, decent people who have a valuable contribution to make to Vietnam's much needed development.

For we need to remember that Vietnam is still a poor country, despite its rapid recent development. GDP per capita is officially \$240 per annum, though this does not take into account the "unofficial" economy – or gold under the bed. The newly emerging middle class in Hanoi or Ho Chi Minh City possesses a house (occupied by the extended family), a motorbike, a TV and video, an electric rice cooker and a fridge. Next to be acquired are washing machines and driers. The Vietnamese are hedging against inflation by holding their savings in gold and investing in their own domestic real estate.

Income is unequally distributed – with people in Hanoi and Ho Chi Minh growing richer, faster than the people in the provincial centres, and much faster than the farmers, who constitute 72 per cent of the total labour force and account for the majority production in this still agriculturally dominated economy.

The average growth rate for the whole country is about 9.5 per cent per annum, with higher growth in Ho Chi Minh and Hanoi. Much of the country is remote and mountainous and these provinces are the poorest. They also house the majority of the 54 ethnic minority populations.

The priorities for development include rural based industries, adding value to farm and sea products, basic infrastructure development – roads, rail, bridges, ports, electricity, clean water; improvements to education and vocational training; building on the excellent network of grass-roots primary health care centres – areas where Australia has expertise, experience and is competitive. Much of this development, particularly infrastructure, will be funded under multilateral and bilateral programs, but the Vietnamese are also looking at direct foreign

investment as a major factor in economic development of the country.

So, let us come back now to the Eighth Party Congress. The twelve month run up to the Congress has seen an intense debate and struggle between what may loosely be termed the "progressives" and the "conservatives" within the party. The debate is over the policies which are to be enshrined in the new five year plan and the struggle between the various contenders for the positions of power, both in the state and the party apparatus. For Vietnam is a one party state and the ruling Communist Party sets the overall policy guidelines and approves the major positions for the state apparatus. These include the president, prime minister, ministers, vice ministers and heads of other government agencies and state owned economic enterprises. In the 53 provinces, where much economic power lies, the party anoints the Chairmen and members of the provincial, city, district, commune and street people's committees. (Though not all have to be party members, and the last provincial people's committee elections saw an increased number of non-party members elected, sometimes against a party-endorsed candidate.

The "conservatives" argue that the policy of *doi moi* has not brought untrammelled benefits. It has enriched the city dwellers disproportionately to the peasants and farmers, the majority of the party's members and those who make up the majority of the workforce. It has brought a break-down in traditional values and the basis of the solidity of Vietnamese society and a rise in "social evils" – prostitution, drugs, crime and undisciplined behaviour, pornography, "unhealthy and unwholesome" videos and music, a spate of unauthorised advertising, particularly in foreign languages. They worry that continued openness to market forces will lead to the rise of "capitalism" and the death of "socialism", that the development of the private commercial sector will be at the expense of the state-owned sector, thus loosening the levers of economic control and management. They worry that the "capitalist West" will encapsulate Vietnam and undermine its values.

Fundamentally, like any political party the CPV is concerned to hold onto power. A notable feature of Vietnam since the introduction of *doi moi* has been relative freedom and flexibility in the economic sphere matched by uncompromising rigidity in the political domain. Vietnam saw what happened to Russia when both the economy and the political system were thrown open and is determined that will not happen here. While there is a relative freedom of private speech and discussion, there is not tolerance of publicly expressed political dissidence. There are a number of political prisoners in Vietnam, jailed for expressing political beliefs at odds with the ruling line, and the Australian and other governments and human rights organisations regularly make representations on such cases. Similarly, religious groups have, throughout Vietnam's history, also played significant

political roles and are thus rigorously controlled in modern Vietnam. The constitution guarantees freedom of religious belief, but not of religious organisation.

The “progressives” are also concerned about the continuing relevance and role of the party and its capacity to maintain popular support, and thus power. They argue that there is no other path than to continue to open the economy to market forces. They point to the inefficiency of the state owned enterprises, their drain on the economy and their protected position, at the expense of the small private sector. They point out, backed by the World Bank, that in no other economy has the state-owned sector provided sustained and accelerated growth in wealth and employment – experience has shown that these are driven by private sector development. They argue that society is dynamic and changing – even a traditional society like Vietnam – and the role of the party is to be at the front, leading the change and shaping the society, not behind, desperately trying to slow down and pull back against the inevitable forces. They also, however, want to maintain a “socialist” and traditionalist society. Vietnam cannot afford to develop a welfare apparatus and the family and the commune must remain the safety net for those unable to cope on their own. These include the “hero mothers”, older women whose men, and thus traditional means of support, were killed in the war, and the disabled.

While this debate has been raging in Vietnam, behind party doors and in secret, hints have emerged for the careful observer, reflected in articles in the party newspaper and other publications, in party documents strategically leaked to the media, to embassies and in discussions with party insiders. Insiders tell us that this Congress, which reviews 10 years of *doi moi*, has been bloodier than any of the previous seven.

Those in the Vietnamese private sector and Vietnam’s friends and partners in development, such as Australia, have lobbied and argued hard for policies favouring continued *doi moi*. Key policy makers have visited Australia and seen how successfully we do things. There has been a long process of structured consultations. For the first time, the international donor community was invited to present its views on the policies Vietnam should adopt. I took part in the consultative group meeting coordinated by the World Bank and held in Paris in November 1995 and in the working group which followed up and presented a set of recommendations to the Government of Vietnam earlier this year, as an input into the drafting of the five year plan.

In this process, Vietnamese decision makers and their supporters have been extremely careful in their public utterances and in the decisions they have taken, lest they show themselves to be on the “wrong side” or backing the “wrong person”. There have been whispering campaigns designed to undermine and discredit political rivals. The son of one figure widely tipped for higher office was accused of

corruption and involvement in "social evils", a move observers believe, designed to put paid to the father's hopes of political preferment. Documents on another person, tipped to move to one of the top positions, suddenly emerged from some bottom drawer, accusing him of collaboration with the Americans during the war, and thus blocking his political aspirations.

This has been a fence-sitting time in Vietnam, frustrating for those seeking decisions affecting foreign joint venture investments or aid projects. No-one will take a decision for which he or she might be criticised, so the safest course of action is to defer action until "APC" – after the party congress. Many Australian endeavours have been thus affected.

Similarly, there has been an acute drop off in the rate of official visitors. Why come and make friends with a leader and decision maker who might not be there after June? And those who think they might lose their positions have been quick to take up the opportunities for overseas visits, while others, fearing what might happen in their absence, have resolutely stayed put at home. We shall see a spate of foreign high level visitors to Vietnam after June, including Australian ministers, all making their numbers with the new leadership and promoting their own national interests.

The "social evils" and anti foreign advertising campaign which has been raging in Vietnam since February is also seen as a manifestation of those wanting to be seen as purer than pure and defending Vietnam's traditional values. The results of the policy debate were published on 10th April as the draft Political Report of the Central Committee to the Eighth Party Congress, translated into English, and carried in all the newspapers, both Vietnamese and foreign language. It is the first time such a document has been openly published. It is a very Vietnamese document, reflecting, as far as possible, consensus and continuity. There is something in it for everyone. It reviews the previous five year plan, concluding, rightly, that Vietnam has done well, economically, socially and internationally. It admits, frankly, the shortcomings and the challenges of the future. The slogan is "modernisation and industrialisation" – a goal with which no-one can disagree.

The political objective is to renew the political system "to exercise properly socialist democracy" "coupled with order and discipline". It will be important for Vietnam to "thwart resolutely all attempts to abuse issues of 'democracy' and 'human rights' to stir up political trouble and sabotage our regime". The party remains determined "not to accept political pluralism and multipartism". There will thus be continued challenges for us seeking to assist Vietnam to abide by international human rights conventions and universal standards.

On the economic side, the goal is "economic renewal and the building of a multi-sector commodity economy operating along the

market mechanism, which must be accompanied by the strengthening of the role of state management along the socialist line". Borrowing from the experience of capitalist countries is to be "aimed at making use of their positive aspects to serve our own objectives of socialist construction and not at letting the country deviate to the capitalist path". In the five year plan, Vietnam wishes to "continue to develop the multi-sector economy operating along the market mechanism with State management and a socialist orientation" . . . to "move out of the state of poverty and an underdeveloped country, to improve the people's living conditions. . . Social relations will be wholesome and lifestyle civilised."

The progressives have achieved endorsement of an accelerated movement towards the operation of a market economy, not a commitment to diminish the role of the state owned enterprises, not wholehearted support for the private sector, which is hardly mentioned. "Individual and small owner economy has an important part in the long run." On the other hand the foreign investor is encouraged by the special focus on "the state capitalist economy" which includes joint ventures between foreign investors and specialist branches of various state owned enterprise, whether at the central or the provincial level. These currently constitute the majority of FDI joint ventures in Vietnam.

In summary, the draft report has something in it for everyone, and the progressives assure us that there is sufficient flexibility in the plan to accommodate the changes Vietnam must make, even though they are not spelt out as clearly as they, or we, would like.

Which leaves the question of leadership. Several months ago I asked the wily and experienced Russian Ambassador in Hanoi, Khamiludin Rashit, for his predictions on the Party Congress. He is a Vietnamese speaker and Indo China specialist, dealing with this part of the world for the whole of his long career. He said they would come up with a slogan, which they have - "industrialisation and modernisation". He also said that there would be endless rumours and kite flying about possible leadership changes. Some rumours would be deliberately started to test the water. However, he said that in the end the final line up would be decided by deals at the Party Congress itself and would reflect a balance between conservatives and progressives, northerners, southerners and central Vietnamese.

There have been endless rumours and several names mentioned as "absolutely, definite certainties" for the top jobs. One strong and persistent rumour is that the top three leaders will remain, as it is hard to find others who will provide such a perfect balance. That is, Le Duc Anh remains as president, Vo Van Kiet as prime minister and Do Muoi as Party general secretary. Le Duc Anh is a former military leader, commander of the Vietnamese troops in Cambodia, supported and

respected by the army, whom he in turn supports, not a man about to gamble away the hard-won fruits of Vietnamese military endeavour. Vo Van Kiet, a southerner, is the pragmatic progressive of the trio, convinced of the value of a more open economy and inevitability of a true market economy. Do Muoi, a northerner, is the consummate wheeler and dealer, charming, charismatic, the heir of Ho Chi Minh, and the carrier of the ideals and values of traditional Vietnam combined with a canny awareness of the necessity of modernity and movement. It is said that the three of them often argue and there are acrimonious disputes on policy and its implementation, but the end result is a harmonious consensus, which Vietnamese value. And which produces the stability and predictability in society which foreign investors and strategic security planners value and like.

One persistent rumour is that the three will remain for a truncated two-year term. Do Muoi in particular is getting old and there are doubts that he can last the rigours of a further five years in office. But whoever the top three turn out to be, no-one expects any abrupt changes in policy direction.

I had meetings with our Ministers in Canberra soon after my return to Australia, and they confirmed their recognition of the mutual value of the relationship with Vietnam and their commitment to continue to develop the relationship.

So, as far as Australia is concerned, we shall continue in the Embassy to build links and contacts and understand the processes as they evolve and the personalities involved, so we can continue to advise the Australian Government on how best to maximise Australia's interests and provide ongoing advice, support and access to the growing number of significant players who are advancing Australia's interests in Vietnam.



Photo - David Karonidis

Greg Clark

On Wednesday 5 June, 1996, Dr Greg Clark, President of the News Technology Group based in Los Angeles, addressed a packed Sydney Institute audience in Mallesons Function Room. In Australia to attend the annual seminar of the International Monetary Conference, Dr Clark stressed that changes in communication technology were momentous and had revolutionised our commercial and competitive landscape.

TECHNOLOGICAL

CONVERGENCE: GLOBAL MEDIA DEVELOPMENTS

Greg Clark

Every day we hear of another great technological improvement in information and telecommunications technology: chips are faster, memory greater, bandwidth increases, bandwidth is to be omnipresent, and always, the promise of lower costs. All this is true and the improvements now follow well defined exponential laws. For example, most people these days know Moores Law which says processor power doubles every couple of years. We do not know how we will engineer these advances, but we know the advances will occur and the laws will be followed. Similarly, software, including operating systems and applications is improving although not with the same efficiencies.

All these breakthroughs, even the incremental improvements, result in a convergence to network computing, where the computer is the network and the network the computer.

After nearly four years of debate about convergence it is interesting, in such a fickle world, that the subject still arouses such interest, passion and confusion. The interest is understandable, because in most technical and creative areas innovation is occurring at the very forefront of human intellectual endeavour. Although very complex, convergence at its most fundamental level is conceptually understood by everybody as it impinges, socially and economically, on everybody's lives. It creates passion and confusion because it is changing the very fabric of our lives at a rate and to an extent only previously wrought by war.

Network computing is opening the whole world to the flow of information. There is no question that the traditional concepts of geographically and business centred markets are eroding due to the pervasive adoption of networked computing. It will influence industry sectors and countries at various rates depending on how quickly a country or an industry is prepared to open itself to these new communication and processing technologies. Nowhere is this more pronounced than in the information industry and by implication the media industry, the most open industries in the world. Consequently the media industry is in competition everywhere internally and externally.

It is also subject to rigorous regulatory review because we have the responsibility to deliver accurate and timely information.

The changes are momentous, changing our creation and distribution processes, our commercial and competitive landscape. In turn these changes have impact on the viability and relevance of the current national and international regulatory environments for the media industry.

Essentially, the media industry has changed because as Nicholas Negroponte has said, the industry has moved from one dealing in atoms to one dealing in bits and bytes. Rather than have a hard copy of a newspaper, a photo or a video clip, digitisation means that all content including books, images video and audio look the same. A digital file or stream that we can selectively transmit anywhere in the world at the speed of light using terrestrial broadcast, optical fibres and satellites. We can also reposition it in another medium. Newspapers become integrated with television, which becomes integrated with on-line services. For example, the Internet is the most pronounced example of the convergence and integration of various forms of media and services. It is the best example of where technology is driving service and information industries. It is a window on the future and we should all heed its message.

I am sure that the Internet is here to stay and it will become an important distribution channel. But its evolution is not clear, mainly because its economics are not understood. There is undoubtedly a move away from the on-line subscription service model to an Internet Service Provider (ISP) model. However, except for those doing IPO's of Internet related companies, there is no money being made on the Internet. It is unclear as to whether the Internet will become an advertising, transactional or premium type service. It will be interesting to see if the telcos continue to move into and subsidise the ISP business as a bundled service to drive voice usage and to reduce churn.

If we look at the value chain of a typical media company it looks like:

<u>Media Company</u>	<u>Television</u>
Content Creator	Writer
Service Provider	Production Company
Service Manager	TV Network
Physical Network	Satellite/Terrestrial
Access Provider	Station/Cable Owner
Access Device	Set Top Box/TV set
	Customer

On the right hand side of the value chain I have identified the points in the chain for the television sector. As television moves to a

digital environment, the industry is changing at every step. A creator can use digital tools in a studio to create and manipulate content. An example is the special effects we have grown to expect in modern movies and TV series. Special effects tool sets will soon be available on a PC. A news correspondent will not only be able to use the PC to file a story but will be able to use a digital camera to send images, video and audio down the Internet to a news room, or her father's den, anywhere in the world. Although many directors insist that they will never move away from film, the difference between TV and movie production is narrowing.

Digitised special effects and animation are major drivers in the movie industry for both aesthetic and economic reasons. Digitally created characters such as those in *Toy Story* are receiving the same level of adulation as Keanu Reeves – and cost a lot less. However, although technology is getting to a stage where anybody can be a digital creator, not many will create commercial successes. Commercially, the creative industry will still be dominated by the great editors and directors.

Television distribution is becoming multifaceted. In addition to over the air and cable television channels we now have wide bandwidth fibre networks, as in Australia, and satellite direct to the home (DTH) and cable headend services. News Corporation now has direct broadcast satellite (DBS) operations in the UK BSkyB, Asia (StarTV), and is expanding into Latin America with LASkyB and ASkyB in North America.

Digitisation allows hundreds of channels to be delivered over these distribution paths – and with higher quality images and audio, digitisation also allows the channels to be used for other purposes such as data broadcasting. At News Digital Systems (NDS), a wholly owned News Corporation subsidiary based in Israel and the UK, we have developed technology that allows data files, including Internet files, to be broadcast from a satellite, received by a satellite dish, and fed directly into a PC to be stored on a hard disk.

The data rates and economics of this technology are extraordinary. We can download data at rates of up to 32 megabits per second. This means from Hong Kong we could broadcast *The South China Morning Post*, including photos and maybe video clips of the last race at Happy Valley, to a customer in Broken Hill. We could do this in less than a second and, providing a hundred or so people in the whole of Asia wanted the *Post*, for a few cents. Much cheaper than your newsagent can deliver the paper from a mini-moke in Annandale or St Ives.

NDS has also developed conditional access and smart card technology for selective delivery of both TV and data files. Smart cards in the signal decoders (set top boxes) allow the consumer to receive only those services required and allow the supplier to be paid. The technical sophistication of the set top box, thanks to convergence, is

now such that it can be used for a number of interactive services such as banking, gaming, or Internet services. A lot of these services, eg banking, will be available on your TV set.

The Internet is now inextricably bundled with all other media. It is impossible to have a movie launch without its own Web site involving chat with the stars and e-mail. The Web site for the Twentieth Century Fox movie, *Independence Day*, to be formally launched on 3 July 1996, already has thousands of daily visitors. If you go to the Web site www.id4.com, you can see the promo clip. It would be impossible to have *Fox Sports* covering football, hockey and baseball without supporting sites on the Web that give statistics, chat and, more frequently, related games. Soon, I expect, we will also be able to use the net to watch video streams from the other eleven cameras following the football game, but not used on the TV sportscast. TV news channels will be supported by information sources, chat, polling and interactivity on the internet.

Similarly our newspapers will be supported by Web sites. In Australia the News Interactive Web site, www.newsclassifieds.com.au is the largest classifieds data base in Australia, attracting over 100,000 hits a day from around the world. Soon such sites will be complemented with customised financial information such as an alert when that 1958 VW you always coveted came up for sale at a price your wife said was okay, eg \$250.

I hope that I have given you some indication of how convergence is changing the media industry from within: undoubtedly in a very positive and exciting manner. Let us now look at the value chain from the point of view of external competition. At every point on the chain the media industry is under threat from other industry sectors. Microsoft is creating and buying its own content: establishing a newsroom to support the MSNBC news channel; forming alliances with Dreamworks in Hollywood; writing tools to run on Microsoft operating systems, etc. IBM is trying to do everything in the value chain. The regional telcos in the US are moving into television through initiatives such as TeleTV. In addition, there are many small start ups using explicit niche technology from the convergence landscape to compete with the media establishment. Examples are Pipin-TV, Zing, Digital Domain, Kesmai and Real Audio. Companies from completely different industry sectors, such as Nike, are moving into media for different economic reasons. In Nike's case to redefine themselves as a lifestyle company.

The internal and external tensions, described above, are not exclusive to the media industry. They are being felt by most industry sectors: finance, transport, education and so on.

News Corporation is countering the competition in a number of ways. Firstly, we are trying to get closer to our customers in all media. We wish to provide them with the compelling, innovative, excellent

content that they want. Newspapers, magazines, books, TV, music and movies must be fresh and invigorating. The technology must support the content. People would rather watch innovative presentations of premiere grade football on high quality TV than darts on high definition TV (HDTV). That is why News Corporation has spent millions on new approaches to sports broadcasting such as the electronic hockey puck "Foxtrak", which allows you to pinpoint the ever elusive puck for the first time ever on your TV screen.

Secondly, we compete by establishing partnerships with companies that offer complementary services. The partnerships News Corporation has with Telstra in Australia and with MCI in the Americas add considerable marketing and distribution skills to our business and our partners businesses. Such partnerships also allow the bundling of services, such as voice telephony and TV, giving cost savings to the customer and reducing churn.

Thirdly, establishing the power of our brands. As the myriad of choices offered to the consumer increases (for example 500 TV channels become possible) brand identity will become a major differentiator.

Look at our logos, business names and imprints, *The Times* and Sky in the UK, *The Australian* here, HarperCollins and FOX in the US and STAR TV in Asia. What we have developed are very powerful brands that by definition have a level of expectation associated with them, an understanding of what is to be delivered, an editorial point of view.

We see new means of distribution, be it satellite delivery, on-line services, CD-ROM titles, the Internet and new paradigms for classified and other advertising, as a way to solidify our brand positions. And we see it as a critical move as the barriers to entry for our competitors move lower. Our customers know where to go for quality and the context they require.

Fourthly, we feel it important to use open technological standards. Technological innovation is rapid and open standards are the only mechanism by which such innovations can be incorporated into the media. The cross-fertilisation of the various media requires open standards for enabling devices such as set top boxes. Around the world, News Corporation has adopted the European open standard, DVB, for the delivery of TV and data via satellite and cable. DVB is endorsed by over 200 companies and most countries. News was instrumental in establishing and defining the open standard. Such open architecture then allows News to compete where it excels – in content!

Lastly, vertical integration allows News Corporation to ensure that its content is delivered to our customer, unhindered by any gatekeeper. News Corporation is a vertically integrated media company with global reach. News Corporation produces content in Australia, the UK, India, the USA, China and other countries. Our distribution

platforms for TV alone include Fox in the US; BSkyB, which has just signed up its 5 millionth paying subscriber in the UK; FOXTEL in Australia; Star in Asia and VOX in Germany. In the next few months we will launch new satellite platforms in the USA and Latin America. NDS develops and manufactures broadcasting and receiving technology for many platforms around the world including news platforms. NDS, by the way, just received two Queens Awards to Industry, one for technology and one for export creation. NDS has also been nominated for an Emmy Award. We truly are a vertically integrated company with technology a common thread.

In the above remarks I have attempted to give you some perspective on how technological convergence is impinging on the media industry and what the media and entertainment industries are doing to benefit from this wonderful ride.

Australia

Here in Australia, News Ltd. is aiming to utilise its publishing strength to develop a strong market position in Australia's embryonic on-line and cable TV industries.

FOXTEL already has more than 75,000 customers, drawn by the offer of more choice and flexibility in television viewing. In the past year it has brought 21 new channels to the Australian television market and more will be on offer soon. Some it has created itself, others in partnership with Australian production and broadcast companies, and others are delivered by independent suppliers.

News Interactive has created the country's largest on-line database of classified advertising, sourced from the company's newspapers from around Australia and repackaged on an interactive Internet site. News Interactive is also publishing display advertising on its Internet site.

On-line content

Because of its large investment in new media, News Ltd. has a vested interest in the development of a regulatory environment which will encourage, rather than stifle development. The federal government is currently investigating the regulatory environment for communications and information industries on a number of fronts:

1. The Australian Broadcasting Authority is investigating on-line content to determine a regulatory regime for the on-line industry, and indeed whether an interventionist regime is necessary.
2. In the wake of the Port Arthur massacre, the federal government has launched a Cabinet Committee Inquiry into violence in the electronic media.
3. The federal government is planning to deregulate the telecommunications industry in mid-1997.

For the on-line industry, News Ltd. believes in a system of voluntary self regulation based on guidelines for dealing with such issues as decency, removal of defamation and copyright infringement material.

In Australia, News Ltd. is working with the industry and regulatory bodies on how best to help consumers control the information flow to their homes without stifling development of new services. In doing this work it is important to remember we are not talking about an established industry. Service providers on the Internet are not all like the large scale, well established broadcast networks which are subject to detailed content rules. Like book publishing, the on-line industry is a dynamic area of small as well as large businesses.

It is the small risk taking businesses that live and die by their ability to provide services attractive and useful to mainstream Australian and international markets. A regulatory structure with an unnecessarily high cost will significantly impede experimentation and attractiveness and subsequent liveliness of the new media cultures.

News Corporation has strongly supported the idea of educating parents and children as to the safe ways to interact on the Internet. Of course an integral part of this requires parental involvement in supervising their children when they use this new communications system. Media companies should be and will be responsible in helping parents.

News Corporation considers any introduction of V-chip technology to be made on the basis of providing parents with assistance in deciding what types of programming they want their children to watch, rather than as a measure to increase the government's role in dictating technology and the content of television programs.

Australia at present has one of the most comprehensive classification systems of electronic media. The television, video and film industries, for example, provide notification as to the nature of the content and recommended viewing age of movies.

It is a system in which community education programs play a vital part. I am encouraged by the growing sense of responsibility in both the industry and the community at large which has developed around these systems. Self regulatory systems also offer flexibility in adapting to changing standards and tastes in the community.

Conclusion

News Corporation is a global media company which has vast experience in gathering, editing, packaging and distributing news and entertainment. It is these skills which can provide Australia and Australians with valuable insights into the current state of affairs in convergence on a local or a global basis. This experience is invaluable in assisting the development of a dynamic, yet welcoming, environment for the new media convergence age in Australia.



Photo - David Karamidis

Ian Marsh

Ian Marsh, author of *Beyond the Two Party System* (C.U.P. 1995) and a professor at the Australian Graduate School of Management, believes there is a positive role for government in national economic and social development. But how should it work? To address the issue, Ian Marsh spoke for The Sydney Institute on Tuesday 11 June 1996.

BEYOND THE TWO

PARTY SYSTEM – NEW ZEALAND AND AUSTRALIA?

Ian Marsh

New Zealand will enter a new political world this October when the country stages its first election under a proportional voting system. The old, adversarial two party system will be replaced by a multi-party system. This will have a range of immediate impacts on the mechanics of politics – the formation of governments, the role of the legislature, the processing of government business, the transparency of policy making, the influence of minorities and so forth. More deeply, I think it might also mark a new stage in the unfolding of the liberal democratic project. New Zealanders, perhaps without fully recognising the implications, have endorsed an experiment in citizenship – can a liberal society, with a tradition of a “strong” state, tolerate wider participation in policy making and still get effective government?

I believe the same underlying factors that precipitated these changes in New Zealand are also present in Australia. In what follows I want to trace the pressures for change, sketch the likely shape of a new regime, and consider the desirability and possible timing of such developments.

Pressures for change

There are not one, but two, fundamental pressures for change. Either of these factors by itself would involve daunting challenges for the political system. In combination, I think they will prove overwhelming. These pressures are, on one side, the changing social base of politics – the changing character of the electorate and of those organised political actors who represent its aspirations; and on the other hand the challenge of running a competitive economy in a world in which the rules of the game are rapidly changing. Nation states must display a much greater capacity for domestic collaboration and flexibility if they are to retain significant influence over their own economic destinies.

The electorate and organised political actors

Let us look first at the changing character of the electorate and of the array of political organisations representing citizen interests. For many years people thought of the electorate in linear, left-right, terms. There were numerous electoral studies that justified this metaphor. For voting purposes, we could consider our real or perceived socio-economic status as decisive. In recent years, the predictive power of these theories has melted away. The right metaphor for the contemporary electorate is a kaleidoscope. We have become a highly pluralised society. Values aspirations for outcomes like rights for particular minorities, for participation in decision making and for the quality of the environment have joined, but not displaced, our earlier aspirations for material equality or fairness.

Since the 1970s an array of new heads of action has been added to the public agenda – consumer rights, women's rights, Aboriginal rights, gay rights, multi-culturalism, the environment and competitiveness – to identify perhaps the seven most prominent. These were additions to an established agenda concerned with material equality or fairness. Only gradually have the incompatibilities between the approach to competitiveness championed by the free marketeers or “new right” and our traditional attachment to fairness been revealed. As this incompatibility is more poignantly disclosed, I believe it will be one of the major sources of political change – perhaps it was already present in the fall of the Keating Government. I will return to this later.

Even the image of a kaleidoscope does not fully capture the complexity of the contemporary electorate. A kaleidoscope implies each citizen is a kind of unitary coloured piece. In fact, as individual citizens, we have varied, not necessarily compatible, aspirations. Different appeals and different external situations can lead us to attach more or less weight to particular aspirations about which we feel intensely or particular combinations of aspirations. This is one reason the electorate is so volatile and regionalised. Older cues have not lost their influence, but people now respond to a wider variety of exhortations and there are no longer great overarching themes.

It used to be possible to categorise the electorate in SES terms, or educational or occupational levels. Then, if there was some strong correlation between these categories and voting behaviour, that was a guide for party leaders. Now, however, values must also be factored into the equation. This obviously complicates the challenge to the party leaders. In crafting a message capable of building a majority – that is attracting the increasing number of uncommitted votes – they need to be sensitive to the impact of their messages on others, particularly their core supporters.

Further, the major parties are increasingly pitching for the same broad group of voters. They can no longer rely on a distinctive mass

base. This creates lots of opportunities for minor parties and independents. It is surely no coincidence that Australia's new rural populists should adapt the same name as their New Zealand cousins – Winston Peters' populist party calls itself New Zealand First. Independents can build a base by championing local issues and minor parties can appeal to constituencies ignored by the major parties.

Why has the electorate changed? There are obviously a variety of explanations. The collapse of collectivism is one factor. Whether as communism, or socialism, or even the attenuated laborism or corporatism we have known, idealism has melted away. As a strategy for governing, collectivism has failed. The cultural revolution of the sixties is perhaps the most important positive factor in electoral changes. A third decisive influence on electoral attitudes is economic globalisation.

No less important than the change in electoral attitudes are the interest groups and issue movements that have proliferated in the post war period. I argue this is the single most decisive change in the character of domestic politics. It is hard to overstate the degree to which we have become a group-based community. The array of organised actors on any issue is legion. I invite anyone who doubts this to try to compose a stakeholder map of any issue, large or small. These groups vary enormously in size, budgets, political skills, organisational sophistication and campaigning capacities. But the major ones are as effectively organised as any of the major political parties. In my book I document these features of each of the nine major issue movements – women, consumer, ethnic, animal liberation, environment, gay rights, Aboriginal rights, peace/third world, new right. In each case the evidence of their organisational capacity and political capability is overwhelming.

Organised actors are important because they are durable. They both represent and sustain an interest. The women's movement, the neo-liberal movement, the environment movement, the trade unions, business and so on all articulate the views of some section of the community – but they also seek to shape the views of others. The space between the major parties and the community is now filled with political organisations with political capacity and media skills. These organisations have a demonstrated capacity to shape opinion on particular issues. The capacity to move opinion, or at least salient chunks of opinion, is a principal currency in political influence and power.

Competitiveness

The changed character of the electorate and of the organised political groups that represent it, is one source of pressure for change. The second source arises from the challenge of competitiveness. Current conventional wisdom has it that the widest possible application of

market principles is the right path to economic prosperity. Both major parties currently champion this line.

In its name various policy frameworks that have existed for the past 80 or so years are being dismantled. This affects policies such as the role of protection in economic development, the arbitration system, the welfare system, the capacity of the state to guarantee levels of employment and its role as employer of last resort (eg in public utilities). Doubtless many of these frameworks are dysfunctional and need to be renovated. But it is senseless to pretend this can occur without damage to our traditional aspirations for fairness. The politicians keep proclaiming the contrary - which is one reason I believe they will inevitably ultimately lose the electorate's trust. This is what has happened in New Zealand. I believe it is also about to happen in the UK - although the conservatism of that electorate has proved remarkably durable. If you want to read an account of the fruits of the "new right" project in Britain, Will Hutton's study *The State We're In* is the best source. It has sold an astonishing 150,000 copies in the UK.

These things can take a long time to unfold. In our case a recovery in commodity prices or the Olympics or some other unforeseen development might distract the electorate. Or the government might prove adept at rewarding a significant majority in the process of generating change. For example the privatisation floats might be used to reward quite a lot of Australians and thus establish a temporary loyalty - as Mrs Thatcher did with her own privatisation and council house sales.

But ultimately I do not believe the free market project will deliver on its promise here any more than it has in New Zealand or the UK. If we are not prepared as a community to tolerate continued economic decline - or if, we do not want to build a society patterned on the United States - if we want a norm of fairness to inform public policy - then I am convinced we will eventually look for an alternative path to competitiveness.

And there is an alternative path - although it remains far from conventional opinion. In this alternative view we need the capacity as a society to formulate a vision of our desired future in an eight to ten year frame. For a start, this would mean the bipartisanship which now exists between the major parties on broad strategic objectives would need to be made explicit. I need hardly spell out the magnitude of the institutional challenge. We then need capacities to fashion implementing public policies in the relevant areas - for example, industry policy, education and training, research and development and so forth. Finally, we would need a capacity to scrutinise outcomes to ensure results match commitments, or these are changed to match changing circumstances. Current schemes such as the Factor F arrangement for pharmaceuticals or the special tariff for motor vehicles are examples of the

kind of programs that might be involved. But we lack totally, the institutional arrangements which a more broadly based application of this approach would require.

In the jargon, we need to become a "learning society" just as management gurus urge businesses to transform themselves into learning organisations. This requires capacities for political learning and collaboration between political actors and the wider community quite different from those generated by the present system. There are obviously lots of complex arguments to be had here – about the nature of competitiveness and about the institutional means by which new collaborative capacities might be developed in a robust liberal democracy. Fans of *The Economist* or members of the Centre for Independent Studies will not be impressed. Can I simply say there is an alternative path to competitiveness – albeit one that cannot readily be grafted onto the present two party, adversarial, structure of politics.

The shape of a new political structure

Were a new more plural or more fragmented political system to emerge in Australia this would accord with the underlying fragmentation or pluralisation of the electorate. What form might it take? We know multi-party arrangements are the norm outside the Anglo-American world, and there is doubtless much experience to be had there about how to run a new system. However, because of the unique character of our own institutions, our own history is ultimately a better source of guidance.

In fact, in the first ten years of federation, a cameo multi-party system was in place in Canberra. The main parties, Alfred Deakin's Protectionists, George Reid's Free Traders and the newly formed Labor Party, needed to reach accommodations with each other to form governments. In three elections the public awarded a clear majority to no single group. In addition, the norm of freedom of conscience for individual members was then dominant, at least on the non-Labor side. So governments could not automatically rely on the votes of their supporters on contentious issues. Further, the Senate was deliberately created as a "strong" House and it used its powers against governments regularly in the first ten years. Finally, there was an array of contested strategic issues which needed to be resolved in setting the economic and social compact for the Australian federation. An inquiry method was needed to allow these issues to be aired in a way that might both gather the appropriate information and facilitate their later resolution.

These are all challenges we will face anew in a more plural political system. They have all appeared once before. There is evidence about how they might be resolved in the formal structure of politics. External conditions are of course vastly different now. But guidance about how the formal structure of politics might be reshaped to adapt

to our more plural society is available in the historic record. In a nutshell, this would involve a much greater role for the legislature, some diminution of executive prerogatives and a much enhanced parliamentary committee system.

Two recent British reports give indication of how a new political world might look. In 1993 the Hansard Society sponsored a report on legislation which recommended a much more open and transparent process, with the principles and the details of legislation both subject to modification or alteration on the floor of Parliament. There would be much greater scope for committees to intervene, to call evidence from experts and interest groups and to propose amendments. Further, in 1984 two Commons Committees reported on the financial process. One, the Tory led Treasury Select Committee, proposed a more transparent budget process and explored in detail how it would work. In effect they considered how an American-style budget process could be grafted onto Westminster-style politics.

In any environment in which the legislature is more prominent, the role of parliamentary committees is bound to grow in importance. Because of the relatively small size of Australia's House of Representatives, and because of the Senate's very considerable power, I think the Senate is ideally placed to become a committee house - with governmental business left to dominate the House of Representatives. But these are all possible developments that lie well into the future - a first step would be for the present Senate to take a much more strategic view of its potential role and equip itself with an appropriate committee structure and staff capacity.

In particular, a Treasury Committee needs to be established to oversee economic policy. In the UK the Treasury Committee has done more than a raft of commitments to openness to build public understanding of economic issues.

Should we welcome this possible political transformation? In one sense I don't think we will have a choice. On both fairness and competitiveness grounds I think we will ultimately be driven to contemplate major political renovation. Obviously there are many people who will disagree with this judgement.

The ultimate grounds for welcoming a move to a more transparent policy making structure arise for the moral basis of the liberal-democratic project which I referred to at the outset. A more collaborative or more participatory political system, would deepen the norm of citizenship and realise more richly the tutelary or educational role of politics - variously celebrated by Locke, Rousseau, Mill and Tocqueville. In this world, policy making would be focussed to a greater extent on issues, the process would be more transparent and accessible, and ad hoc coalition building would be the key policy making strategy.

We are a very mature people in a political sense. Our experience of democratic politics dates back to the English civil war of the seventeenth century. Liberal politics is perhaps the highest, at least the most benevolent, legacy of English-speaking culture. In that sense our future is not to be compared to recent Italian or German or any other European experience. To realise a new level of participation, and by these means secure our national competitiveness, would be a considerable and unprecedented achievement. It would preserve our economic and moral status in our region – itself no small demand as our neighbours face their own challenges of economic transition and political change.

Some see nation states inexorably driven to a common economic pattern under the influence of international economic forces. This is at best a half truth. In practice, in any particular society, culture, institutions and markets co-exist in a mutually conditioning, contingent pattern. The meanings realised in and through both institutions and markets are based in the surrounding culture. Any more than partial convergence is thus unlikely. Perhaps more accurately, convergence on some dimensions will bring into sharper focus differences on others. If nations or companies seek to imitate when they perceive to be others key success factors, they will mostly only be able to do so by functionally equivalent means. This would foster variety, not convergence. The reality will be interdependence and the management of variety – not interdependence and progressive homogeneity.

Australia has a strong tradition of fairness, along with a larrikin, rough and tumble political style. As we adapt to the changed world economy and to our own changing aspirations as a people, I think we will gradually come to see the need to change the structure of politics. These things do not happen easily or quickly – many societies require revolution and insurrection to achieve new distributions of political power. Yet in the 20 years from 1890 to 1910 the new state of Australia was successfully created and a compact that provided the framework for its economic and social development in the subsequent 80 years constructed. I believe we are now in a parallel phase. There will doubtless be much turbulence, uncertainty and perhaps instability – if I am right in judging this as a period of transition and regime change.

Such are the necessary accompaniments of “new modes and orders”. The stakes perhaps justify these costs.

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Photo - David Karandis

Gary Gray

Gary Gray has been National Secretary of the ALP since April 1993. From 1985-1986 he worked for a Labour MP in Great Britain while studying election campaigning techniques. On Tuesday 18 June 1996, Gary Gray addressed The Sydney Institute and reflected on the issue of political party funding, pointing out that the discrepancy in corporate funding going to the two major political parties was not in Australia's long term interests.

LABOR AND THE

1996 FEDERAL ELECTION

Gary Gray

I have not come to the Sydney Institute to pick over the entrails of the election on 2 March 1996. Today I want to discuss with you an issue which goes to the heart of our pluralist democratic society.

The issue I would like to discuss is how parties are funded. The inter relationship of politics and business has always been controversial to say the least. But with our kind of economy and our kind of democracy, there will always be a close relationship between politics and business. So I would like to flesh out, from the view point of the Labor Party, some principles and a philosophy on the funding of parties.

Over the last three year political cycle, the two major parties, counting the Coalition as a single entity, spent over \$155 million. The Coalition spent around \$88 million, Labor around \$67 million. That's \$155 million in the course of the last parliament. I stress that because a three year federal cycle can cover state elections in all states or just a few. In the three financial years for which figures are available there was one federal election and elections in all states and territories. So the \$155 million is probably the maximum.

The major parties are substantial businesses – with offices in Canberra and branch offices through every state and territory, and out into the smallest and most remote communities in the country. But there is little informed understanding in the general community about the finance and funding of party politics. Most business leaders believe Labor gets buckets of money from trade unions – we do get a lot but nowhere near the figures that get bandied about.

Let me give you an example. In South Australia, union donations are minimal, affiliation fees are substantial. However when our union based income is added to our membership income the figure is roughly equal to the membership based income of the Liberal Party. And then they have a substantial corporate donor base too. My predecessors and colleagues have never made much in the way of public statements about it. I think there are two main reasons for that. Privacy and ethics.

The first is still valid, to some degree at least. We have all been raised in the tradition that our vote is a private issue, a personal matter, and no-one else's business. By extension, this applies to any donation or support in any kind we might decide to make to a political party. In some communities in Australia this privacy argument is very powerful even to the point of potential donors deciding not to make donations if privacy cannot be guaranteed.

The second reason is that there is still a feeling – a whiff of the past – in the idea of political donations. The spectre of Mayor Daley, Tammany Hall and buying the favour of administrations still lingers around the issue and makes people generally coy about their political contributions. The Queensland National Party and WA Inc. still cast long shadows.

But there is no good reason for this because Australia now has very tight, very good laws covering the financial operations of political parties. Even the Coalition's trust funds will have to be declared, and our companies too. Indeed in an era of deregulation, the major parties themselves have sought more, better and tighter regulations.

But there is a cost to this. Labor and the Coalition have estimated that Australia's exemplary laws, which make public any donations received, have cost Labor and the Coalition about \$2 million per year, because some individuals and corporations do not want to be disclosed publicly. However, there are many companies who take their obligations to our democracy seriously. They make financial contributions to help both sides of politics, and they're not shy about the publicity. These companies take the correct view that in a pluralist society it is important for companies to make moderate, even handed contributions to both sides of politics. This, they argue, guarantees the strength and integrity of our party system.

The only reasonable independent academic work on this subject has been started by Canberra's Professor Rolf Gerritsen. There is a lot of interesting material in Professor Gerritsen's lists. It shows, for instance, that the Coalition parties received over \$21 million more in donations from the corporate sector than the ALP in the three financial years from 1992/93 to 1994/95. This tells me something about the incorruptibility of the system. Large donations totalling \$21 million more were given to the opposition parties. But it also reflects the old – and now outdated – presumption that, because rich people own shares, and rich people vote conservative, public companies should make partisan political donations, that is donations favouring the Coalition.

I would argue that the environment has changed. The share registers of public companies are now much broader; workers own shares now – not just rich people. The Thatcher vision – of turning her nation of shopkeepers into a nation of shareholders – has been influen-

tial in Australia too, as floats like Woolworths have brought share ownership into the hands and homes of many workers. Compulsory superannuation now means that just about every working Australian, indirectly, is an investor in the share market. So the unexamined assumption that the owners of public companies are conservative supporters can no longer be sustained. Indeed as our economy matures and the financial muscle of our superannuation based institutions strengthens, the old assumption is just wrong. The financial and ownership structures have changed and so has our society.

Let me digress for a moment. The political cycle is nothing if not interesting. Like our economy the nature of politics is changing, how people see the value of their votes and their own political allegiances is changing. Fewer and fewer people are born into, and stay for a lifetime within, an identifiable and stable group, socially and politically. It is getting harder and harder to be a long term government and it's getting harder and harder to communicate with people. Policy options close and change. What were certainties in the 1980s are not so in the 1990s.

And then there are the snake oil merchants – always around the fringes of politics and economics and now on talkback radio and TV. The snake oil merchants seek opportunity largely by opposing whatever the mainstream want. Education, immigration, and – for much of our recent history – targeted redistribution of wealth to the least advantaged, has created a society where people's interests, and therefore their loyalties in politics, are no longer determined by their parents' status or limited by their families' expectations.

Overall, the effect is a very healthy one for democracy. What it means is that no party can be automatically assumed to speak for a well-defined and homogenous interest group any more. Harry Wood's recent victory in the Clarence by-election is a reminder that much of regional Australia voted Labor for a decade – despite the received wisdom that the bush is a National Party stronghold.

Take a look at the composition of the major parties in our parliaments. It goes without saying that there are too many lawyers in parliament. I don't say that because I dislike lawyers, but they do have a tendency to think that all problems can be solved by just passing laws and making declarations. And they tend not to consider the consequences of their actions – only the narrowly defined objectives of their actions are important.

The 1994 Northern Territory election stands in my view as a significant event in Australia's political development. That election was almost certainly the last contest between two leaders neither of whom had tertiary education. Peter Walsh will almost certainly be the last Finance Minister who left school at 14. Gordon Scholes was probably the last railway train driver to serve in Cabinet. And then there is, as

fate would have it, Professor Paul Keating – his education was, as they say, through the school of hard knocks and the university of life.

The reasons for all this change is obvious – and it's not in the least bit sinister. Society, industry and economics have changed, working class kids got university educations and politics is now professional. John Howard, Kim Beazley, Bob Carr and Jeff Kennett : each of them a political professional, and each of them reached the leadership of their respective parties because they are, and were, professionals.

This trend towards professional politics and politics as a career is not happening in a vacuum. It is happening – more pervasively and more quickly – in business and industry. Although some dynasties survive, business and industry leadership is less and less a function of inheriting wealth; and it's less and less a function of working your way from the mail-room to the board-room. Now it's more likely to come via an MBA and professional study. A managerial class has been created. It's not a group that can assume it will pass on its honours and privileges through inheritance to the next generation. It's not exclusively Anglo-Saxon or male anymore. And it's not exclusively conservative.

The point this analysis makes – sweeping and general and full of exceptions to the rule as it may be – is that it is not political relationships that are changing. Our parties are changing too. Political parties are professional. We are developing strategies and tactics, methodologies and processes, which are very powerful tools within the democratic process, a process which continues to work reasonably well despite the changing political, social and industrial environment.

Our parties are a two-way communications system: from the electorate to the elected and from the leadership out into the community. We receive information, analyse it, and funnel it to the parts of the body politic where it needs to go. That is how we create our own political advantage. And by "we", I don't just mean the ALP, but the Coalition too. We are like a widespread array of antennas, constantly monitoring the mood and the state of the community and using that information to develop policies and strategies for the future.

But we – the Coalition and ourselves – are not interchangeable. We come from different traditions. Our core beliefs have been nurtured by different concerns and different agendas. I don't want to dwell on this point, but to me the differences are obvious.

Our constituencies are still different; class, tribal and regional loyalties do remain, but they are breaking down. On 2 March 1996 Labor lost many traditional blue collar votes and yet retained many. The electoral coalitions which form at the end of each cycle are more varied than ever before. As education and opportunity drive greater social mobility, political parties and party organisations will continue to evolve, they will increasingly adopt the principles and practices of merit

in order to stay ahead. The conclusion I draw from all these threads and trends and observations is simple and it takes me back to the core of my argument.

The business community has a responsibility to its shareholders to support stable government, and it should fulfil that responsibility, on grounds of fairness as well as in its own best interest, by an even-handed and open approach to the funding of both sides of politics. That does not mean I am arguing for equal donations to the Democrats, or the Greens, or Call to Australia. The fringe parties and the one-issue lobby groups masquerading as political parties still see themselves as gifted amateurs, donating their superior wisdom to the less enlightened in our society, and offering snake oil and salvation all in the same irresponsible bottle.

Rigorous disclosure laws compel the bastards to be honest and real public funding gives us compensation. The main game is about the major parties, and about the service that we provide in connecting the political leadership to the grass roots, and in ensuring that diversity of views in the community is translated into policies which serve the nation. Increased professionalism on both sides of politics has been delivered through a combination of public funding and the disclosure of private funding. Neither party can afford to be seen to be favouring donors – and it is too easy to draw a line from a particular donation to a particular policy outcome for either party to risk quid pro quo arrangements. Even with our most loyal supporters.

Federally, I believe we have had the cleanest political system in the world. For instance the ALP and the Coalition have in the past received some support from the tobacco industry, but our campaign to reduce smoking in the community, and to warn people of the dangers of tobacco products, has never faltered and it is bipartisan. The donation system, in the absence of favour-buying, is both desirable and necessary. Necessary because public funding, which should be in place in all the States but which is in place at the federal level, and in Queensland, New South Wales and the ACT – only provides a portion of our funding, in the case of the ALP only one third of the money it takes to run our party comes from public funding.

The balance comes from individual supporters, unions, from major fund-raising dinners and events, from backyard barbecues and street stalls, from the party faithful, in fact. But the disproportion in corporate funding I mentioned before – \$21 million over three years in favour of our opponents – is neither fair nor smart. Nor is it in Australia's long term interests.

I talk to the business community regularly – I make somewhere over 80 visits a year to various businesses. And, on the odd occasion when I walk out with a donation or a commitment, I know exactly where the money is going – it goes to developing our party.

It's going into things like our Leadership Development Program, which helps bridge the gap between the community and politics to improve the party's understanding of business by exposing our members of parliament to the business community, and vice versa. Through this program weekly dinners were hosted by myself at Parliament House with young caucus members and business leaders. Long discussions followed, information was exchanged and we believe this had benefits all round. The important thing is that this program was about the exchange of information – not about politics. In fact some of the calls I received after the election were from businesses wanting to keep this program in place.

And you see, that is one of the great values of our donations system – it gets party officials out and about, talking to business and the community – and learning.

In the long term – with the increasing trend towards professionalism – I think we'll see a more sophisticated understanding of the value and importance of political donations. and that, I believe, will lead to greater equality in the way the corporate sector treats the major parties.

Ideally, I'd like to see the major corporations setting aside a regular contribution and of course – making that contribution equally to both sides. Why? Well, the advantage for the ALP hardly needs pointing out. The advantage for the business sector generally? Stability and commitment. Political stability is a major advantage for the economy. Neither major party is, to any degree, an enemy of the private sector. Commitment to our democratic institutions is essential for stability.

Both parties have, at the top of their agenda, the commitment to using instruments of government to promote and sustain an efficient, export-oriented, prosperous business sector in Australia – for the benefit of us all. We have different ideas about how to achieve it and Labor has a distributional agenda which the Coalition ignores. But those differences, and those ideas, are a powerful strength for our nation as a whole. And those differences, that diversity needs to be maintained.

By donating fairly to both sides, the corporate sector is actually funding two large and talented operations, with positive input to make in the collective task of seeking advantage for Australia. And that's where commitment comes in, the commitment to give.

It is a stake in our democracy, for companies or industry groups – who do not, as organisations, have a vote or control one. It helps to fund political activism – because it broadens the base from which the parties derive their incomes, and thereby reduces the power of single interests to hijack debate in either party's forums. It increases the quality of political debate, because it provides the means for party

organisations to develop policies which deliver advantage to the widest possible constituencies – without fear or favour.

Donations to political parties are, above all, a donation to the system and the processes we have evolved in Australia. They contribute to stability and predictability. They help to maintain both parties near the centre of the political spectrum, in the mainstream, because they ensure that neither can become dependent on or captive to narrow sectoral interests.

In the end, all of that translates into good government.

Even the recent past tells us this all makes sense. Look at the difference between the early Whitlam and early Hawke Governments. When Whitlam finally achieved office, he did so in the teeth of total opposition from the business community – a much less professional, much more insular business community than we have now. And one which had cut the ALP out completely from its confidence and thinking.

What was the result? Unintended economic consequences resulting from the lack of understanding about how the private sector actually operates, and, eventually, chaos in parliament.

The Australian electorate is both changeable and critical. But our system of democracy still works and works well. Maybe we've lost some of the passion, and some of the grand – but ultimately futile – gestures of the era of ideological warfare. But because the gestures were futile I don't see their passing as a problem.

The better I do my job, the better chance Australia has for policy outcomes that are coherent, common-sense and representative – and that applies whether Labor is in opposition or in government.

Like all Australians, business people are pragmatic. They know you get what you pay for. But more need to understand that corporate partisanship – in the economy of modern politics – is counter-productive. It is unfair and wrong.

Even hands are the steadiest.



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Photo - David Karonidis

Carol Foley

On Tuesday 25 June 1996, The Sydney Institute launched Carol Foley's *The Australian Flag* (Federation Press). In a lively speech, Carol Foley demonstrated that in considering the Australian Flag, and what sort of flag Australians deserved, there were quite a lot of questions to ask. Carol Foley is a public law lawyer with the Superannuation Complaints Tribunal in Melbourne and, until recently, taught Administrative and Constitutional Law at Monash University.

THE AUSTRALIAN

FLAG: COLONIAL RELIC OR CONTEMPORARY ICON?

Carol Foley

I want to begin my paper this evening by encouraging you all to rush out and buy copies of my book, *The Australian Flag: Colonial Relic or Contemporary Icon*, not only for yourselves, but also for your relatives and friends! Seriously though, I would like to take this opportunity to thank Gerard Henderson and The Sydney Institute for launching my book tonight. I regard it as a great honour, and I am pleased to have been invited to speak to you about some of the historical, cultural and legal issues surrounding the Australian National Flag.

However, before I discuss those issues, I would like to tell you how I came to write a book about the Australian Flag in the first place; a rather unlikely topic for someone like myself. *The Australian Flag* actually had its beginnings, not as a book at all, but as an article on the executive power of the Commonwealth Government. I was a legal academic at the time I began writing the article, and I taught Constitutional Law and Administrative Law at Monash University in Melbourne. A large part of an academic's duties involves not only teaching students the law, but also writing legal articles on remote and intellectual topics, preferably on something obscure that not many people have previously addressed. The executive power of the Commonwealth Government was such a topic and one that most people don't really think about, albeit that it is critically important to all Australians.

The executive power of the Commonwealth

The term "executive power" in this context refers to those powers the Commonwealth Government may exercise simply by virtue of the fact that it is a national government. However, usually when (and if) people think about Commonwealth power at all, they think about parliamentary power, rather than executive power. Parliamentary power is much more 'representative' than executive power because it represents the voice, not only of the winners in the electoral stakes, but also of the losers and the minority parties as well. Consequently, any government wishing to pass particular legislation through the Commonwealth par-

liament, pragmatically and generally speaking, can only do so subject to whoever holds the balance of power in the Senate.

The executive power, on the other hand, belongs exclusively to the Government of the day, and as I have already said, the Commonwealth government may exercise many powers simply because it represents Australia as a national polity. These include important powers, such as the power to declare war and peace, the power to enter into treaties, the power to acquire territory and so on. The important point to note is that the Commonwealth Government can exercise all these sorts of powers without any reference whatsoever to the parliament or to the people.

However, as interesting as all this is, what does it have to do with the Australian National Flag? Actually, the comments made by two well-known Australians directed my attention to the flag as a possible point of focus for my article.

The first comments were made by our present Chief Justice of the High Court of Australia, the Hon. Sir Gerard Brennan (albeit before he became the Chief Justice). Briefly stated, the source of the Commonwealth executive power stems from Section 61 of the Commonwealth Constitution. Section 61 is an extraordinarily vaguely worded provision; consequently, it devolves upon the High Court of Australia to interpret its ambit and meaning. One of the landmark High Court cases dealing with the parameters of the Commonwealth executive power is a case that arose around the time of the Australian Bicentenary, called *Davis v. The Commonwealth*¹. In *Davis*, Mr Justice Brennan made the comment that there are certain things that a national government can do simply because no one else has the power to do them. He cited, as an example, the choosing of a national flag. The second set of comments was made by Paul Keating (who was then the Prime Minister of Australia). Mr Keating visited Papua, New Guinea in 1992, at around the same time that I began writing my article. It was at that time that he first made his "radical" statements about wanting to change the national flag. Consequently, to give my article both judicial and contemporary relevance, I decided to include the Australian National Flag to exemplify the operation of the executive power.

This decision naturally led me to undertaking some background research on the flag itself. However, even at a very basic level, I found many inconsistencies in the available material and most secondary sources were not supported by primary source references. Consequently, I began my own primary research, which took me to most of the major Australian libraries; for example, to the La Trobe Library in Victoria; to the Mitchell Library in New South Wales; and to the Australian National Library. My research even extended overseas to the Public Records Office in London to access original despatches and correspondence between the Colonial Office and the Australian

authorities. Not surprisingly, it wasn't long before the national flag grew from a simple example to become the focus of the article, which in turn rapidly grew to "book-like" proportions. Hence, the quantum leap that culminated in this book.

But now, to return to the various issues I mentioned earlier tonight. The first issue I grappled with, even at a personal level, was justifying the importance and significance of the flag. For example, many times when I was first introduced to people by friends or colleagues, the introduction would run something like this: "This is Carol. She's writing a book." Not unnaturally, the response would be, "Really! What about?" And, I would say, "The Australian flag." Amazement . . . surprise . . . the FLAG? Who would ever want to write a whole book about the FLAG? This happened so often, that I thought: "What a great place to start. I'll begin the book by explaining why this is such an important issue."

Why the Australian National Flag is important

Why is the Australian National Flag important? It's important because it is all about communication. Human beings are natural communicators, both individually, and as groups or societies. Our national flag is an important form of "graphic" communication and should visually communicate our collective identity as a nation. It should say "Hey, look at us! This is who we are, and what we are. This is what our way of life is all about. This is what we are proud of."

So, to be successful and effective, a national flag should show the three "I"s: identity; ideals; and information. It should give an indication of our heritage, our cultural background, our religion, and perhaps even our location in the world. In short, our flag has to represent us as a nation. To do this, it has to focus on our significant similarities as a people, rather than on our insignificant differences. For example: I am of Irish descent; others of us may be of Malaysian descent, or Greek descent, or Aboriginal descent, and so on. Whatever our descent, these are all insignificant differences when we look at our nation as a whole. Our flag should represent us all as Australians, not only as we were at the time our current flag was designed in 1901, but now. Consequently, our flag must not only be internally representative, it must also be of contemporary relevance.

The design of the Australian National Flag

You are all familiar with the design of our current national flag. It has a dark blue ground and carries the United Kingdom's Union Jack in the "canton" (which is the place of honour in the top corner of the flag nearest the flagpole). The Commonwealth Star is set underneath the Union Jack and the Southern Cross is set in the "fly" (which is the side of the flag furthest from the flagpole). The colour blue has been said to

represent the sea which surrounds our island nation, or the "true-blue" of the Aussie spirit. The Commonwealth Star represents federation and the Southern Cross marks our topographical location in the world. The most dominant and also the most contentious of all these symbols, as most of you would be aware, is the Union Jack.

The Union Jack

What are we going to do with this symbol, which comprises the entirety of another nation's flag, and just sits there in the place of honour on our national flag? Three main arguments for removing the Union Jack have been put forward: The first argument posits that the Union Jack detracts from our national identity, because when people look at our flag, the very first thing that catches their eye is the national flag of the United Kingdom. This is said to reduce Australia to the level of a colonial cipher. The second argument against the Union Jack is that it is only representative of the Anglo-Celtic population. Australia has now developed into a multicultural society. Consequently, it is argued that a very significant percentage of our present population cannot relate at all to the most dominant symbol on our flag. The third argument is, of course, the Aboriginal argument. For Aborigines, the Union Jack is the "butcher's apron" and represents the spilled blood of the Aboriginal people, the European invasion of Australia and their subsequent dispossession. These all sound like very convincing arguments for ripping off the Union Jack don't they? Can we really have a symbol like this on our flag and still have a national flag that is internally representative and presently relevant?

However, before we all rise up and rip off the Union Jack we need to ask some further questions. For instance, does the Union Jack simply portray our colonial relationship with the United Kingdom? Does it simply depict genealogy and bloodlines? Or, alternatively, if we consider the issues more carefully and less emotionally, is it in fact still internally representative of who we are as a nation today? It is an immutable historical fact that Australia was colonised by Great Britain. Not by Holland, not by France, not by Japan, but by Great Britain. Our whole present way of life is based on the British ethic. But I am not here to uphold colonialism. My point is that our British beginnings put into place a legal system, a judicial system, an educational system and a democratic way of life that still fundamentally represent who we are today, irrespective of our early colonial relationship with Great Britain; and, irrespective of our genealogical descent. Our democratic way of life, which we owe to Great Britain, is the reason *why* refugees and immigrants come to Australia. It is the reason *why* the Aboriginal people are able to articulate their grievances and have some chance of redress in cases such as *Mabo*². In short, our democratic way of life is one of the very significant similarities that we all have in common as Australians. It

is a way of life that we were, and are, willing to fight and die for. The Union Jack also stands for that. So, am I changing your minds? Or, do you still want to rip it off? Maybe; but you can see that this is not a cut and dried issue. It is an issue that we need to carefully consider.

My greatest problem with the Union Jack does not relate to any of the above arguments. I have a problem with the Union Jack's universal recognisability as the national flag of Great Britain. This concern brings me to the second major requirement of a national flag. Not only should a national flag be internally representative of who we are; it should also be externally distinctive. While it is unrealistic to expect that the rest of the world will instantly recognise our national flag (whatever its design), it should not create universal confusion. There is, unfortunately, no doubt that our present flag wrongly suggests to many people that we are British. This is undesirable. However, whether this situation should be remedied by removing the Union Jack altogether, or by improving our present flag's public image overseas, is a moot point.

What do we want in a national flag?

Everything that I have discussed so far leads us to consider what it is that we actually want in a national flag in pragmatic terms. We have three basic choices. We can maintain the status quo and retain our present national flag intact; or, we can opt for a compromise and make incremental changes to our present flag; or, we can abandon our present flag altogether and adopt a new and completely radical design.

I have already canvassed some of the reasons for and against retaining our present flag. As you know, when our present flag was designed, it represented the loyalty of Australia to the United Kingdom and the fact that we were part of the British Empire. This has changed, of course, and we are no longer in a colonially-dependent relationship with Britain. However, as I have remarked, our present way of life is causally related to the historical fact of our British colonisation. For those who believe that our British connection should still be recognised, but disagree with the retention of the Union Jack, an acceptable compromise may be to omit the Union Jack from our flag, but retain the red, white and blue British colours in some different form. Another quite popular suggestion for incremental change is to substitute the Australian Aboriginal Flag for the Union Jack. When I first came across this suggestion, I decided to try and ascertain the Aboriginal perspective, so I wrote to over 60 Aboriginal and Aboriginal-interest groups asking what they thought of the idea. I received approximately a 40 per cent response. Most of the respondents said that they thought the Union Jack should be removed; however, most also did not want their flag to take its place. Diverse reasons were given. A number of people felt that the Aboriginal Flag belonged to the Aboriginal people and so should not be incorporated into a national flag. Others thought

that it made no sense to simply substitute the flag of one culture for the flag of another. Some merely thought that the two designs were not visually complementary.

However, there comes a point at which incremental change merges into a radical restructure. Once we remove the Union Jack and reshuffle the stars, there may be so little of the original design left that, in truth, we would be better to adopt a totally new flag. So, what about a radical change? When we think of national flags that have been radically, but very successfully, changed, the Canadian Maple Leaf Flag immediately comes to mind. Can we do the same, and find some equivalent and equally distinctive symbol for our flag that is both internally representative and externally distinctive? We have to be very careful, however, that our flag does not degenerate into a mere "logo" flag. A logo flag is a flag that says "Australia", so it is externally distinctive, but it is not internally representative because it says absolutely nothing else about our identity and ideals; and, likewise it fails to provide any other representative information. A kangaroo, or Uluru, if reduced to isolated symbols, are classic examples of 'logo' designs. This is not, however, to say that kangaroos and Uluru cannot be very successfully incorporated into a national flag design. Indeed, there have been some beautiful designs put forward (some of which are included in the colour plates in my book) which incorporate each of these symbols in a representative way by virtue of utilising colours and stripes and other symbols.

The legal status of the Australian National Flag

Irrespective of which view we take in relation to retaining, or changing, our present national flag, its legal status is a fundamental consideration. It is fundamental because this is the factor that determines how the flag may be changed and by whom, and even whether or not it may be protected from change (whatever the design). I do not have the time tonight to address all the relevant legal issues in any detail, but I will try to present a brief overview. All of these issues are covered in detail in Chapter 5 of the book.

The status and specifications of our current flag are contained in the *Flags Act 1953* (Cth.). At face value, it is therefore believed by many that the only way our flag may be changed is by legislative means. This is not so. Do you remember my earlier discussion on the executive power of the Commonwealth? Well, Sections 5 and 7 of the *Flags Act* enable our flag to be changed, albeit indirectly, by the exercise of the government's executive power. Section 5 of the *Flags Act* empowers the Governor-General to proclaim new flags and Section 7 empowers him to provide "rules" governing the use and flying of flags generally. By convention, with one notable exception in 1975, the Governor-General does not act on his or her own, but rather acts on the advice of the

Prime Minister and his or her Ministers. In other words, on the advice of the government of the day. Thus, it would be a simple matter for a government to facilitate the proclaiming of a new flag and the creation of rules providing that the new flag be so widely used as to usurp the role of the official national flag. The flying and usage of the official national flag could correspondingly be minimised to such an extent as to pragmatically render it totally ineffective as the national flag.

Protecting the Australian National Flag

It was with this in mind that the Liberal/National Coalition, as early as 1984, introduced a series of amendment bills (the Flags Amendment Bills) into the parliament with a view to closing this executive loophole. The latest attempt was in 1994³. However, so far, none of the Bills have been successfully passed. The Flags Amendment Bills sought to protect the flag in three ways. First, by requiring that the Governor-General authorise a new flag by way of regulation, rather than by proclamation. Regulations are reviewable by the parliament and may be disallowed; proclamations are not. This means that, in the former case, parliament retains ultimate control over the power of the Government to create new flags. Secondly, the Flags Amendment Bills expressly prohibited the Governor-General from appointing any other flag as the standard of the Commonwealth. Thirdly, the Bills aimed to include a legislative mechanism known as a "restrictive procedure" into the *Flags Act* to prevent the flag from being changed via an amendment to the *Flags Act* by normal "standard procedure". The restrictive procedure was designed to give the electorate a voice in any decision relating to the alteration of the national flag by inserting a referendum requirement into the *Flags Act*.

However, it is my contention that the proposed insertion of this requirement is either unconstitutional or simply ineffective. It is unconstitutional because the referendum procedure purports to add an extra body, the electorate, into "the Parliament" as defined in Section 1 of the Commonwealth Constitution. By doing so, the *Flags Act* is, in effect, stating that "the Parliament" can no longer make laws in relation to changing the flag unless it is reconstituted to include the electorate. In other words, the *Flags Act* is purporting to indirectly alter Section 1 of the Commonwealth Constitution. Such an alteration can only be validly made according to the specific alteration procedure laid out in Section 128 of the Constitution itself. The Constitution cannot be altered, even indirectly, by a mere enactment of the Commonwealth parliament. Therefore, the proposed procedure is constitutionally invalid.

Civil liberties and the Australian National Flag

Irrespective of its design there will always be numerous persons who don't like our national flag, or who wish to make a political point and

use it as a form of protest. So, if we hate the design, or if we want to thumb our noses at the establishment, can we burn, or otherwise desecrate, our national flag? This question involves the whole issue of the nature of rights and fundamental freedoms in Australia today; particularly our right to freedom of expression. In the United States, flag desecration has not, so far, been punishable by law because the right to freedom of expression is constitutionally guaranteed. In Australia we do not have such a general guarantee. We do, however, have a limited implied right to freedom of political expression, as articulated by the High Court of Australia in a series of recent cases⁴. However, whether or not this limited freedom extends to embrace flag burning and desecration is not, in my opinion, entirely clear-cut.

In any event, efforts have already been made in Australia to criminalise flag burning and desecration. Between 1989 and 1992, a Private Member's Bill, the Crimes (Protection of Australian Flags) Bill, was introduced some four times into the Parliament. Each time, the Bill was allowed to lapse by the then Labor government. One of the arguments raised by Labor against the Bill was that it unduly impinged on the individual's right to freedom of expression. A second Labor objection related to the perceived severity of the penalties it imposed in relation to the nature of the offence. The Bill sought to impose a maximum penalty of \$5,000 or imprisonment for two years (or both) if the Australian Flag or an Australian ensign was unlawfully burned or desecrated. To my knowledge, the Bill has not been reintroduced into the parliament.

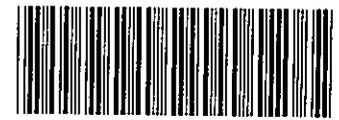
Conclusion

In conclusion, as you can see by the range of issues I have briefly touched upon in this paper, the topic of our national flag is unexpectedly broad, and unexpectedly complex. With this in mind, it is important that when the time comes to make a decision one way or the other about the design of our present flag, we do so in an informed and non-partisan manner, and without emotive prejudice or illogical sentimentality. To this end, I hope that my book is of assistance.

Endnotes

1. (1988) 166 CLR 79, 110
2. *Mabo v. Queensland (No 2)* (1992) 175 CLR 1
3. Since the giving of this paper, the present Coalition Government has introduced the Flags Amendment Bill 1996 into the Parliament. As at the time of providing this written transcript to The Sydney Institute in September 1996, the passage of the Bill was still in progress. CAF.
4. *Australian Capital Television Pty Ltd v. Commonwealth* (1992) 108 ALR 577; *Nationwide News v. Wills* (1992) 108 ALR 681; *Stephens v. Western Australia* (1994) 68 ALR 765; *Theophanous v. Herald & Weekly Times Limited* (1994) 68 ALJR 713.

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Photo - David Karonidis

Pat O'Shane

Pat O'Shane, a magistrate of the Local Court of New South Wales, was the first woman to head a government department in Australia when she was appointed Secretary of the NSW Ministry of Aboriginal Affairs in 1981. On Tuesday 2 July 1996 Pat O'Shane addressed The Sydney Institute to challenge all Australians to reflect seriously on the kind of society they wanted for the new century they were approaching.

SOCIAL VALUES IN

THE NEW MILLENNIUM

Pat O'Shane

Following the 1967 Referendum which altered the Constitution so as to allow the Federal Government to make laws with respect to Aborigines, several programs, especially education and employment programs, were designed with the aim of ensuring that Aboriginal youth were able to stay in school through to university, and to be able to gain employment. There was widespread support for such programs in parliament and in the community. Those programs, whilst flawed in many respects, were successful insofar as Aboriginal participation rates in education and employment increased very significantly.

The programs continued through the 1970s and 1980s, at a time when there was considerable public involvement in and endorsement for policies and programs of anti-discrimination. Altogether these programs resulted in Aborigines becoming visible in the Australian social landscape, and being seen to make valuable contributions to the political, legal, and cultural life. Aboriginal health and housing profiles, however, remained fraught with problems and showed continuing deterioration, notwithstanding that what seemed like endless health conferences were held which all seemed to come to the same conclusions, and which all seemed to produce the same sorts of reports. The factor identified as being most significant in the poor health profiles was the economic factor. It was clear that for all the words spoken, and policy documents written, Aborigines were still largely excluded from the economic life of Australia – as we had been for the 200 years since modern Australia was instituted by the dumping of English convicts at Port Jackson.

It seemed that all of a sudden teachers, parents, and social commentators began to notice that the retention rates of Aboriginal children in schools, especially secondary school, were dropping sharply. Yet on the fact of things there appeared to have been little change which could account for the phenomenon.

What has all of this to do with the subject I am addressing tonight? Well, for years I have had the view – which I put forward again

here – that the real litmus test of Australia’s societal health is the Aboriginal experience. When we look closely at what is happening to Aborigines we see what is happening to Australia. If Aborigines are suffering then all Australians are suffering. This is an organic view of society, but I would submit to you that it is not an invalid one. The analogy is that if one limb is rendered dysfunctional then the whole body (together with the mind) is adversely affected.

Time was, and not so long ago, that the one most enduring myths which sustained Australians – indeed captivated us – was that ours is an egalitarian society. “Fair go” was *the* Aussie slogan; and it informed a great deal of public debate about government policies and programs. That it was a myth was indicated by the presence of racist and sexist discrimination which led to certain cohorts in the Australian community being excluded: Aborigines and women, and people of non-English speaking background. But as a general guiding philosophy it was not bad. Indeed those groups I have just mentioned were able to capitalise on the essence of the “fair go” philosophy to demand a better deal for themselves – and it worked. Not only did we consider ourselves equals as Australians, which entitled each of us to equity and participation, but we also considered that we are all entitled to share the wealth of the country, not merely in dollar or economic terms, but probably more so in access to the places and spaces, which we have kept public: beaches, oceans, rivers and lakes; mountains, and plains.

We translated the philosophy into our institutions: education, law, health services, using the language of social justice, and the common good. We translated it into such practices as the Eight Hour Day: eight hours of work, eight hours of play, eight hours of sleep. We had a sense of identity as Australians, different from other peoples in the world (without being nationalistic), sharing in the good life. But for all that we never have achieved a state of true equality between our members. There have always been those who through exploitation and appropriation have accumulated more than their fair share of the resources that this land and this society have available. The way in which we, Australia, managed the tension created by such disproportionality was to our very great credit, something of which we could be and were proud.

The emphasis in managing those tensions was on creating a just society in which every person’s worth was counted. We emphasised the need for sharing and caring, for social cohesion and harmony. Of course the practice was always a long way behind the rhetoric, but the principles or values to which we aspired we held up like rallying banners in showing ourselves the way into a better future; and we worked hard to fit the practice to the rhetoric. Racism, sexism, and economic disadvantage were identified as being obstacles to our achieving the just, harmonious society we envisioned for ourselves.

Now that rhetoric has been silenced. Rather we hear the rhetoric of disharmony, divisiveness, individualism and self-centredness, competition and greed. Unbridled, all-consuming capitalism now gives primacy to things over humans. It places at the centre of all political and social concerns the economy over society. It is in all respects and aspects uncompromisingly and vehemently anti-social.

When, virtually moments after assuming office, Prime Minister Howard foreshadows the closure of Aboriginal community organisations, puts other like organisations on notice about special auditors being appointed to investigate their [mis]management, and mouths phrases such as "the Aboriginal industry" he is promoting divisiveness and racial disharmony (if not hatred).

When Education Minister Vanstone announces the closure of CES offices, and the sacking of thousands of public servants she, again, is disavowing the social good, social justice, and equity, and in its place, she is creating social divisions and disadvantage, whilst at the same time promoting greed and individualism; and when Attorney-General Williams announces the withdrawal of legal aid funds he too is promoting social disadvantage and injustice.

The above moves made by the federal government since early March have been done in the name of balancing the budget, eliminating a black hole deficit of \$8 billion. It is an aggressive, unnecessary, anti-social agenda. At no time have we heard what benefits are to flow to the community from the forced closure and relocation of the various facilities and services. At no time have we heard the enunciation of the underlying principles and values which inform these actions.

At the same time as those things are being forced so too is silence of the populace being forced. Whilst there is a lot of idle chatter on the part of red-neck talk-back radio hosts, and hick politicians about "free speech", in fact what is being practised and promoted by those same people is the licence to peddle hatred, especially against those who are weak and dispossessed, and against those who have a carefully analysed and articulated point of view. So that dissent and debate have been depreciated, and those who seek to restore these activities in the public arena are demeaned and vilified.

The effects of all this negative turnaround in our society are discussed every day in newspaper and on the radio and television. People everywhere talk about the stress illnesses they are suffering as a result of the uncertainties, destabilisation and demoralisation occasioned by the sudden displacements and sackings of staff; by the pressures of having to work harder and longer each day, each week, each year for the same real wages. People everywhere express their sense of isolation and alienation in their behaviour on the streets, and in their homes. Competition in the workplace, in the sports clubs, on the roadways, rather than improving the sense of belonging, increasing

the sense of community, and enhancing the quality of life rather leads to fear of others and self, depression and anomie.

These sorts of effects were noted in an article carried in March 1996 issue of the *American Business Review Monthly*. In typical American-speak the "intros" and boxes adverted to the growing expressions of unease amongst all sectors of US society, and the attribution of that to the fact that US business and government worship at the altar of economic rationalism, and then went on to say that those people were wrong. However, the body of the article detailed just exactly what has gone seriously awry in the USA, with increasing levels of unemployment, the makeover of the USA from the largest creditor nation in the world to the largest debtor nation in the world within a matter of months, the increasing pauperisation of Black and Hispanic communities, the growth of the so-called underclass, as well as escalating crime rates relating to drugs and violence. All were attributed to the USA's total commitment to economic rationalism. This from the *Business Review Monthly* is revolutionary writing!

If such aggressive capitalistic practices are now being seen to be contributing to the demise of the "world's greatest democracy" what does it say for us a nation that we tolerate our political and business masters taking us down the same track.

For me it means that we have to take stock now and ask ourselves what sort of society we want to build for ourselves in the 21st millenium. What are our guiding values and principles? The proposal I put forward is that we reaffirm the principles and values of social accord and harmony, of the common good, of understanding and respect, of equity and participation; that we affirm that we are a society of human beings, not numerals in someone's fevered imagination which can be accounted for in some fantastical balance sheet.

Whilst I put forward that proposal I acknowledge that we are in the throes of a human population explosion at the same time as we are annihilating other species in the world. Those phenomena coming together will have significant effects on the availability of resources, and create enormous struggles for access to those resources. In that struggle there will be extraordinary pressures brought to bear on those values. Will we then retreat into barbarism? Have we already begun the slide into that abysmal condition?

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Janice Kulyk Keefer

On her first visit to Australia and as guest of the Canadian High Commission in Canberra, writer Janice Kulyk Keefer addressed The Sydney Institute on Thursday 4 July 1996. The daughter of a Canadian Ukrainian immigrant family, Janice Kulyk Keefer is especially equipped to respond to Australia's most controversial novel *The Hand That Signed the Paper*. Janice Kulyk Keefer's most recent novel is *The Green Library* (Harper Collins).

FOR OR AGAINST

MULTICULTURALISM: COULD THE DEMIDENKO SCANDAL HAVE HAPPENED IN CANADA

Janice Kulyk Keefer

I want to speak to you today on two subjects with which you may already be sated – multiculturalism and the production of both literary fiction and literary scandal. To these topics I bring the experience of a writer of fiction and an academic of Ukrainian descent who grew up in an English-speaking part of pre-multicultural Canada, when to be “ethnic”, or manifestly different from the WASP norm was to be more stigmatised than “sexy”. The hypothesis I wish to propose to you is this – that although scandal, or at least the liveliest contention and debate, are no strangers to my country’s literary scene, a scandal of the nature and scope of the Demidenko/Darville affair could not have happened in Canada, largely because of the way in which multiculturalism has developed there.

Let me begin by briefly stating the beliefs I bring to my work as a literary critic, since I am about to offer you a reading, from a Ukrainian perspective, of *The Hand That Signed The Paper* (which I’ll later refer to as *Hand*). I am a post-modernist, but of a sceptical rather than fundamentalist bent, and thus resistant to claims that this particular “ism” represents the only possible and persuasive form of literary theory left to us. I believe that like any theory, post-modernism is, as the great critic Paul de Man might have said, compounded of blindness and insight. The insights have been invaluable in expanding our awareness of how we come to think and practise what we do as writers and readers, and in decentring certain supposedly immutable “truths” which have worked to the great advantage of some and to the extreme detriment of others. The potential blindness of post-modernist theory is also remarkable – the recent scandal both about Paul de Man’s war-time journalism for a fascist journal in occupied Belgium, and the ethical contortions performed by some of de Man’s disciples in attempting to exculpate him from his cover-up of this activity, spring inevitably to mind in the context of the Demidenko-Darville affair.

The second point I need to emphasise is that I do not believe in any autonomous literary realm. Phrases such as “the book in itself” or “from a purely literary point of view” ultimately make no sense to me. This isolationist concept can only diminish the significance and power of literature, in my view. Teller and tale are complexly interdependent. At the very least, the writer chooses what story among all others to tell and how to tell it and while one’s characters may be utterly different in their views from oneself, the authorial voice and vision which animate these characters are directly linked to the attitude one assumes towards them, whether this be an attitude of irony or empathy.

Having established my “biases”, let me share with you my response to a book sent to me a little over a year ago by a friend in Sydney who knew that my background is Ukrainian and that I was working on a novel having to do with Ukraine during World War II, and Ukrainian displaced persons in Canada after that war. I noticed from its jacket-cover, that *The Hand That Signed The Paper* had won two major literary awards and looked forward with the greatest interest to reading this first novel by a writer whose surname proclaimed her Ukrainian origins or connections. For I was hungry for a book that would speak to and of the tragic history of Ukraine, a country which seems to be invisible to the West except when such disasters as Chernobyl occur or when threats to global security are posed by Ukraine’s accidental possession of nuclear weaponry.

For most of its existence, Ukraine has been a brutally colonised country, and many historians, especially those belonging to the various empires that have controlled Ukraine, have denied Ukraine’s existence as a distinct socio-cultural entity. In fact, certain contemporary Russian giants (their stature diminished to “heavyweights” by the condition of exile) continue to refer to Ukrainians as South Russians. I am thinking here, of course, of Alexander Solzhenitsyn and Tatyana Tolstaya, among others. This practice of marginalising or erasing the autonomy and distinctness of Ukraine – a practice which persists in the continued reference by some to *the* Ukraine in the same way one refers to *the* Yukon or *the* Dordogne to designate a mere territory of a greater state – is one of the reasons why I disagree with those who, out of a perhaps inevitable impatience with the drawn-out nature of the Demidenko/Darville scandal, want to let the whole thing drop, dismissing *Hand* as merely silly or immature.

I consider *Hand* to be a profoundly anti-Ukrainian book, and the fact that it is, as I’ve been told, to be published in the US troubles me deeply, since it will become the only well-known, if not the only representation of Ukraine history and experience available to the general reader. I must immediately add that, for me, the book is anti-Ukrainian in as much as it is viciously anti-Semitic. In an era when neo-Nazism is so troublingly on the rise, as it is in Europe and North

America, any continued support of *Hand* as either a literary gem or as a truthful account of Ukrainians is as indefensible as would be a re-issue of such classics of anti-Semitism as *Jew Suss* or *The Protocols of the Elders of Zion*. I believe that Robert Manne's *The Culture of Forgetting* is profoundly accurate in its assertion that *Hand* reproduces, without critique or even irony, the standard fascist proposition of "Bolshevism as an expression of Jewish political power". I also concur with Manne's judgement that Darville has reproduced in her novel "the image of the emigré Ukrainian created by Soviet propaganda abroad" and that "no book has done more to reinforce the stereotype of the pro-Nazi, anti Semitic, drunken peasant savage".

Let me return to my first reading of *Hand*. I was hoping to find in it, as the back-cover blurbs assured me I would, an exploration of genocidal hatred, and a plea for the necessity of justice; an account, too, of one of the most horrifically fraught of terrains, the killing fields of Poland and Ukraine during World War II. The blurbs assured me that I'd encounter a "searingly truthful account of terrible wartime deeds" that would also be "an imaginative work of extraordinary redemptive power". So I suspended my usual scepticism towards anyone attempting to offer me an unproblematically and universally truthful account of anything. I reined-in the critical reflexes that warned me that anyone who could use a cliché like "searing truth" might not, perhaps, be the best judge of the style or the very linguistic achievement of the novel I was about to read. I opened the book and began the first page, whereupon I was stopped cold by the statement, "I wonder . . . if Eichmann had a daughter, and if she felt the same way as I do now". Why, I asked myself, was someone of Ukrainian background equating the historical situation of an Eichmann, with all the power and status he once possessed, with the situation of a Ukrainian belonging to a "race" which Eichmann deemed sub-human?

This first qualm was amplified when I came across other peculiarities that I would not have expected to find in a text authored by anyone familiar with the most basic Ukrainian history. The assumption, for example, that all Ukrainians, not just those in Western Ukraine, were Roman Catholics. The total absence of any mention of the competing Greek Orthodox faith. An introduction into this cast of supposedly varied voices of a Polish bishop, but no mention of the Ukrainian Archbishop of Lviv, Archbishop Sheptytsky, who had risked protesting the atrocities committed against the Jews, not to some powerless parish priest as happens in *Hand*, but to the German authorities themselves. The relentless targeting of Jewish Bolsheviks, notably Lazar Kaganovich, as the bane of Ukrainian nationalism. And no mention whatsoever of a certain Nikita Khrushchev, a non-Jew sent by Stalin in 1937 to "purge Ukraine spotless" of those government members who had pursued a pro-Ukrainian line in social and cultural

policy in the 1920s and 1930s. And no awareness whatsoever of the perennial nature of anti-Semitism in Ukraine and in Poland, of the continuum of violence that had led to terrible pogroms long before Babi Yar.

It soon became clear to me that the erasure of crucial historical and ethical distinctions signified by the "Eichmann's daughter" reference was a characteristic feature of *Hand*. My uneasiness at the border-blurring that was going on had nothing to do with any rejection of post-modern aesthetics. For as I read on, I realised that Hand, far from exemplifying key post-modernist concerns with the interrogation of master narratives, with deconstructing claims to absolute and universal truths, and with the practice of conscious self-reflexivity, of drawing attention to the constructed nature of any text, was in many ways a conventional novel in a realist mode. In her use of the present tense to give us the sense that she – and we – are actual eye-witnesses to the Ukrainian famine and to the obscene antics of, for example, an Ivan the Terrible; in her relentless propounding of a central "truth" that supposedly unlocks the mysteries of how any group of people, Ukrainian or not, could have participated in the slaughter of another group of human beings, in this case the Jews of Europe. Darville had produced, as Robert Manne was to point out, a *roman à thèse*, stylistically designed, I would argue, to give the appearance of transparent and immediate veracity.

Hand, of course, makes its central point remarkably early on in the narrative. It is the faulty syllogism that all Jews in the Soviet Union were Bolsheviks, that Bolsheviks treated the Ukrainians in the same brutal way as the Nazis would treat the Jews; therefore, the Jews were as bad as the Nazis and deserved whatever the Ukrainians dished out to them – whether that involved being beaten to a bloody pulp by a T-square, or having their heads twisted off their necks by peasant boys whose physical dimensions would put those of Arnold Schwarzenegger to shame. If there's an element of banality in that last remark, I've risked it to show the effect, on this reader at least, of Darville's representation of extremes of human violence in this novel. Her accounts of genocide have the effect of both exoticising and trivialising those events that eye-witness reports by survivors and archival photographs and films show as actually and incontestably to have occurred. To make genocidal acts exotic or sensational and then simply routine, is to induce an inevitable complicity in the unresistant reader – the "ho, hum, another bayoneted baby" syndrome. It is also to de-authenticate, to de-historicise these acts; in short, to encourage the kind of historical revisionism vis à vis the Holocaust that has been such an ugly phenomenon over the past two decades in Europe and North America.

I'd like to focus, for a moment, on a technical aspect of Darville's novel which I found extremely distressing in this context, on my first reading of *Hand*. This technical aspect has to do with the use of an authoritative as well as anaesthetised narrative voice, one that has nothing to do with the first-person narrator, Fiona, or with the novel's various Ukrainian or Polish born characters: Kateryna, Vitaly, Magda. This omniscient God-like authorial voice appears, for example, on page 48, commenting on how, as the Germans advance into Ukraine, Ukrainian villagers murder whatever Bolsheviks (that is Jews and Russians) they find in their midst. "The massacre is terrible, terrible. But in the bloody haze of the morning, no one notices." The cumulative effect of Darville's narration of atrocities, I would argue, is to keep the reader from noticing a host of troubling things which should leap out at her or him, most notably, how the novel refuses any engagement with the phenomenon of complicity. We become instead, slaves to plot, to the severely reductive goings-on of "savages" who are savage not by virtue of their enemies constructing them as such, but because there would appear to be nothing in their culture which could have a civilising effect on them. *Hand* implies that a mere 20 years of Bolshevik rule from 1921-1941 (and much of that under a progressive, pro-Ukrainian regime) have erased in the Ukrainian peasantry all traces of a traditional culture which had for centuries valued such qualities as decency, sobriety, love of the natural world, delight in such art forms as embroidery, wood-carving and the painting of Easter eggs or *pysanky*, those emblems of sorrow and fragility, said to have originated in the tears shed by Mary when she pleaded for her son's life before Pontius Pilate.

The omniscient narrator makes the point that, to the Poles at least, Ukrainians are not civilised (p118) and hence their stellar abilities as concentration camp guards are easily comprehensible. I would suggest, on the contrary, that Ukrainians, whether peasants or urban intelligentsia, did possess a distinctive and civilised culture. That culture was also conditioned by anti-Semitism but it is at least arguable that the pogroms carried out by Ukrainians against Jews had more to do with the structures and workings of imperialism and capitalism than with any irreducible savagery native to the Ukrainian heart. It is an inescapable irony of *Hand* (although "irony" may imply too sophisticated an intelligence on the author's part) that the capital offence attributed to the Jews as represented by the doctor, Judit, in Khmelnyk, of equating Ukrainians with animals more in need of a veterinarian than a physician, is an offence committed time and again by the narrators of *Hand*, who show either sexual lust or bloodlust to be the *fons et origo* of every Ukrainian character's actions, whether these characters be the vengeful Venus (Kateryna) or the illiterate Adonis (Vitaly).

Let me be clear here. What I am objecting to in *Hand's* representation of Ukrainians is not the fact that they are shown as engaging in "fucking" or "killing"; it is the fact that to none of them is attributed the least shred of moral consciousness – that capacity to puzzle through, to actually learn from experience, to put oneself in the shoes of someone distinctly "other" than oneself. Yes, a young Ukrainian guard at Treblinka is shown literally banging his head against the wall in response to the atrocious orders his commanders command him to carry out, but he never stops obeying those orders. Similarly, the Ukrainian who, we're told, only shot Jews when his wife's life was threatened by his Nazi superior, never reflects upon the obscene arithmetic whereby the life of one Ukrainian woman is made to equal the life of 750 Jewish women, children and men. But then, *Hand* is not a novel which creates a space for reflecting on or questioning any kind of experience, whether extreme or ordinary. It may translate the "unspeakable" into a contemporary vernacular, but it never wrestles with the crucial issues it raises. Over and over again, programmatic sensationalism figures where imaginative exploration and moral perception might have come into play. The novel's very structure, and the aesthetic strategies it employs, items I would have thought to have been foremost in the judges' minds, since they obviously knew or cared little about Ukrainian history or the workings of anti-Semitism, mark *Hand* as the work of a writer distinguished most signally by the opportunities she misses and by the incompetence with which she fashions her narrative. That incompetence is most notably signified by that unaccountably omniscient authorial voice.

How could the judges who praised the writing of this book have dismissed such anomalies as, for example, the presence of a self-damning letter penned by a raped and murdered Jewish doctor – a letter that could not conceivably have come into the hands of any of the other characters. More to the point, how could those whom Manne describes as the critics of the novel's critics maintain, in a Demidenkoesque manoeuvre, that no distinction is to be made between what post-modernism refers to as "intertextuality" (the conscious weaving of recognisable strands of other writers' works into the material of one's own text), and that arch literary and academic crime, plagiarism? Darville's refusal to acknowledge her sources in her first edition of *Hand*, and the disingenuousness of her claim that every effort had been made to trace copyright holders whose work is used in the book, should, once the hoax was revealed, have profoundly shaken that section of the literary establishment which so richly rewarded her book.

Let me return to the text of *Hand*, to its closing pages, and to Fiona, the ostensible narrator, who had earlier likened herself to Eichmann's daughter. Once her uncle Vitaly dies and her father is

allowed to sink back into suburban obscurity (that is, once the threat of war crimes trials is past) Fiona resumes her "quiet life". This "quiet life" strikes me, in retrospect, as one of the falsest notes in *Hand*. Speaking as someone who grew up with a split identity, torn between two cultures, histories, languages, I can assure you that tranquillity can hardly be the condition of anyone who must, like a Fiona Kovalenko, feel some sense of belonging or at least connection to her country of familial origin as well as to the country of her birth and acculturation: some connection with the nightmare of history that is also part of what it is to be Ukrainian. Yet what else besides stupor – intellectual and moral – could one expect from anyone who can discover and record what Fiona Kovalenko has without learning anything of value?

Fiona tells us that the words "never again" are carved onto the memorial stones of Treblinka and yet maintains the view that the trial of war criminals, the bringing to justice of the perpetrators of massive crimes against humanity, are counter productive, since they only cause more hate to grow (in the hearts of the perpetrators and their families, that is). Moreover, Fiona has carried out her research without seeking even one member of the Jewish community – for example, that former "best school friend" whose grand mother perished at Auschwitz. To move from Fiona Kovalenko to her creator, Helen Darville, what can one say of an author who misses or refuses the opportunity to have her heroine meet the son or daughter of a Jewish survivor at Treblinka, and who refuses to allow any Jewish voice not belonging to a snarling or whimpering or deluded Bolshevik into the supposed polyphony of her text? And what are we to make of the brief exchange at Treblinka between the nephew of a Quaker pacifist and the daughter of a war criminal? An exchange, we are told, marked by sharpness but no anger:

"Are you sorry?" (the Quaker's nephew asks.)

"Yes I am."

"Is he?"

"He's dead."

"Too late to ask him now."

What imaginative power, what moral weight or complexity does that unattached, ambiguous "sorry" convey? And what is "redemptive" about the vapid and vacuous inference that the dead are gone, the past is buried? Surely it is one of the novelist's most crucial tasks to raise the dead, to rescue their stories from silence and to question rather than passively transcribe those stories? Fiona, it is clear to this reader at least, is still Eichmann's daughter at the end of the novel, just as Demidenko/Darville is still the perpetrator of a noxious hoax rather than the feisty coiner of a *nom de plume*. And that hoax is no mere schoolgirl game – it is one that should cause all those who read or judge or teach literary fiction to re-examine and confirm the very suppositions on which their practice is based.

In the remainder of this talk, I want to raise and respond to the following questions. Could a book like *Hand* have been written, published and so materially rewarded in Canada? Could it continue to be defended by members of the literary and academic establishment? And what role has multiculturalism played in creating a climate of awareness in Canada that would have stopped a text similar to *Hand* dead in its tracks?

First, a brief sketch of Canadian multiculturalism — it was first declared government policy in 1971, in order to recognise the contributions made to the building of Canada by groups other than the so-called “Charter” groups — the French and the English. The Québécois, I must add, have always objected to multiculturalism as a manoeuvre to displace them from their roles as one of the “founding races” of the country, and as such, entitled to recognition as a distinct society rather than as one ethno-cultural minority among many. Native Canadians have other objections to multiculturalism, ones which Australia’s Aboriginal people would no doubt be quick to understand.

In 1988 the Canadian Multiculturalism Act was passed, calling for the preservation and enhancement of the multicultural heritage of Canadians within the context of the ongoing task of “working to achieve the equality of all Canadians in the economic, social, cultural and political life of Canada.” It is this latter provision which prevents the ideal, at least, of Canadian multiculturalism from being a merely cosmetic enterprise. As many critics of multiculturalism have pointed out, however, such equality is still far from being realised in Canada, and this has led, after an initially celebratory period of multiculturalism in the 1970s and 1980s, to a backlash against it in the 1990s — a backlash conducted both by activists within underprivileged “visible minority” groups and by an old guard which fears the loss of privilege supposedly due to them by virtue of their long-entrenched position of power and control in Canadian affairs. In short, multiculturalism in contemporary Canada is extremely fraught, though I would argue that the debates presently occurring about the value and future of multiculturalism are signs of its continuing dynamism and relevance.

But let me put aside, for a moment, the question of multiculturalism’s future in Canada to make a point about its past. This particular “ism”, I would argue, created not just a tolerance for or acceptance of “otherness” but rather, a lively interest on the part of all Canadians of the audible and visible minorities in their midst. The films and CDs, novels and paintings, poems and plays of those minorities have revitalised and transformed Canadian culture in a far from superficial or token way. For what “othered” or “minority” artists and the activists in their communities have come to demand from anyone who seeks to speak *of* or *for* them, or to listen to them, is a just and informed awareness of the collective experience, the lived history

of, for example, the Asian or Native or Black community in Canada — and any community which the dominant culture has negatively stereotyped or deemed sub-literary.

Now, I don't mean to suggest that what I call transcultural writing — the literature of multiculturalism — sprang full grown from nothing in the 1970s. Apart from texts by writers with Anglo-Celtic or French surnames, there was a strong showing of works by Jewish-Canadian writers in the Canadian literary canon. But certainly it was in the 1970s that writers such as Joy Kogawa helped change Canadians' sense of their own history and identity when she published *Obasan*, a novel dealing with the internment and material dispossession of Japanese Canadians during World War II. Since the publication of *Obasan*, numerous outstanding literary works by "minority" writers have appeared in Canada, being nominated for, or garnering our top literary prizes.

As importantly, the cultural institutions which judge such awards or which represent artists and provide grants for their work-in-progress, have recognised the extent to which the demographics of our literary scene have shifted so that their juries and boards of directors reflect the highly diverse nature and origins of artists in Canada. It's true that there was, a few years back, a furore over what turned out to be an inaccurate news report that a senior bureaucrat in the Canada Council had instructed jurors deciding on the merits of various literary projects submitted to them to consult the representatives from minority groups whenever a writer outside a particular group was writing on that group — for example, a white Canadian writing in the voice of/about Native Canadians. However, this furore was, I believe, ultimately beneficial to the state of writing in Canada. For it seems to me that if we do not vigorously debate issues such as freedom of imagination and freedom from misrepresentation, freedom of speech and curtailment of hateful speech, then our cultural pulse will become feeble indeed.

I've mentioned this furore over appropriation of voice in order to suggest to you how alert writers, critics and readers are in Canada to the ethics and politics of representation. It is this alertness which leads me to believe that, were the jury of a literary prize for new or established writers to receive a work like *Hand* for adjudication, they would reject it summarily in Canada. I believe, as well, that no reputable publishing company would have considered a book like *Hand* without consulting, not only a historian versed in the era in which the book was set, but also a suitable representative from the Jewish community. And if, by some fluke, such a text had been published, the literary community would have been quick to respond, protesting the vilification of Jews in the novel. Does this suggest that in the name of whatever you like to call it — vigilanteism, political correctness — freedom of imagination and speech are gravely threatened in Canada?

I'd pose the question another way. Does this mean that, in the name of imaginative responsibility and ethical action, the kind of "hate literature" into which *Hand* blurs, the re-inscription of lethal stereotypes it indulges in, would be caught out instead of rewarded?

I want to close this address with a plea. Multiculturalism, the real thing, must foster under its auspices the possibility of remembering the past and transforming the present. It must strive to create an atmosphere in which prejudice and racial hatred stop here and now. Not because they go underground, but because they come into the open to be articulated, debated and disarmed. From my own experience as a Canadian-Ukrainian, someone who greatly values her ethnicity but who is also profoundly troubled by the history that is an inescapable component of that ethnicity, I can assert that the only multiculturalism worth having is one which encourages the crossing of borders, the breaking of silences, the exchange of stories between as many different groups as possible. For my own part, I have begun a dialogue with a number of Jewish-Canadian writers in Toronto whose families happened to emigrate from the same area of Poland/Ukraine as did mine. Because we are second – and, in some cases, third-generation Canadians, we are able to carry on the necessary inter-cultural conversations that our parents or grandparents could not. This discourse of differences and similarities, this often painful talk between us, is helping us to imagine ourselves in each other's skins and to bring others' stories to bear on the stories we write of our own communities, as I have tried to do in a small way in my novel *The Green Library*.

To borrow and, I hope, "redeem" a passage cited in the "Acknowledgement" to *The Hand That Signed The Paper*:

There are many stories in the world. People speak; stories are passed on. Stories and words have a life of their own, but only if others listen.

"And only" I would add, "if we listen carefully and responsibly to our others."



Photo - David Karonidis

Derek Freeman

On Tuesday 9 July 1996, Derek Freeman, anthropologist and central figure in David Williamson's play *Heretic*, addressed The Sydney Institute. Derek Freeman's criticism of Margaret Mead's conclusions about Samoa caused what has been called "the greatest controversy in the history of anthropology". In his address Derek Freeman told his audience we are "not fallen angels but risen apes".

REFLECTIONS OF

A HERETIC

Derek Freeman

Heretic, is a word that tends to make those with religious beliefs shudder. It is only a few hundred years since heretics were burned at the stake, as was Servetus in Geneva in 1553, and Bruno in Rome in 1600. And, as recently as 1993, Dr Peter Cameron, one of its ordained ministers, was convicted of heresy by the Presbyterian Church of Australia, for having, in a sermon, advocated the ordination of women and questioned certain of the views of St Paul. Our term heretic is derived from the Greek word for choice, and so refers to someone who chooses to think for himself. But the lot of heretics among true believers, as history shows, is far from easy.

In science, however, which is an open system of understanding in which "truth is the perpetual possibility of error", things are different. In contrast to closed systems of belief, science advances by shaking the foundations of knowledge and by showing that the relevant facts are at variance with accepted dogma. Thus, as Carl Sagan points out in his book *The Demon-Haunted World* (1996) science is a system of thought that activity encourages heresy, and which gives its highest commendation to those who "convincingly disapprove established beliefs". But in science, being a successful heretic is also far from easy, for the convincing disproof of an established belief calls for the amassing of ungainsayable evidence. In other words, in science it is required of a heretic that he *get it right*.

David Williamson's play *Heretic* is about what the great Scottish philosopher David Hume declared to be the only question of unspeakable importance: "What is the ultimate nature of human kind?" Today, at the end of the Twentieth Century, we are, as I shall presently explain, nearer to having a scientifically informed answer to this question than ever before.

The Twentieth Century, despite major scientific advances, has been, above all else, a century of ideologies. It so happens that I was born in 1916, one year before the Russian Revolution. It is a revolution that I have now outlived. According to Marxist doctrine it is "social

existence" that determines "human consciousness", and by the Bolsheviks of Soviet Russia it was fervently believed that under communism, human nature would radically and permanently change. By the early 1930s, American observers who had visited Russia were claiming that this had already begun to happen. "Mental hygiene", it was said, was "inherent in the social organisation".

We have now witnessed the collapse of communism and have heard Gorbachev admit to the world at large that the experience of history has allowed the Russian people to say "in a decisive fashion" that the Communist "model" had "failed", as it had to fail, I would suppose, because of, among other things, the false assumption on which it was based.

Another leading ideology of the Twentieth Century – in some ways not dissimilar to Marxism – is the doctrine that "all human behaviour is the result of social and cultural conditioning". This doctrine can be traced to pronouncements in the 1890s, by Emile Durkheim, a Frenchman, and Franz Boas, a German, both of whom were born in 1858.

Franz Boas, whose Ph.D was in physics, became in 1899, after studies of the Eskimo of Baffin Land and the Indians of Vancouver Island, the first professor of anthropology at Columbia University in New York. A Neo-Kantian idealist, who had acquired from Rudolf Virchow a keen antipathy to evolution, Franz Boas, "the father of American anthropology", was an extreme environmentalist.

In 1917, two of Boas' students, Alfred Kroeber and Robert Lowie, without presenting any kind of empirical evidence, proclaimed that between cultural anthropology and biology there was an "abyss", an "eternal chasm" that could not be bridged. It was in an attempt to obtain evidence for this ideological stance that Franz Boas, in 1925, imposed on another of his students, the 23 year old Margaret Mead, the task of studying heredity and environment in relation to adolescence among the Polynesians of Samoa. Mead arrived in American Samoa on 31 August 1925. After two months of study of the Samoan language in the port of Pago Pago, she spent just over five months in the islands of Manu'a before heading back to New York by way of Australia and the south of France.

In 1928, in her book *Coming of Age in Samoa*, which became the anthropological best-seller of all time, Mead claimed that adolescent behaviour in humans could be explained only in terms of the social environment. "Human nature, she declared, was "the rawest most undifferentiated of raw material". Then, in full accord with the views of Franz Boas, she wrote of "the phenomenon of social pressure and its absolute determination in shaping the individuals within its bounds". This was cultural determinism with a vengeance.

In 1930, Mead's extreme environmentalist conclusion was incorporated in the *Encyclopedia of the Social Sciences*, and for those who went through college in the USA in the 1930s *Coming of Age in Samoa* was "not only required reading but a classic of universal truths". This was also the case in the University of New Zealand, and when I myself went to Samoa in 1940, it was with the objective of confirming Mead's conclusion in the western islands of the Samoan archipelago. Indeed, so complete was my acceptance of Mead's claims that in my early inquiries, I dismissed or ignored all evidence that ran counter to her findings.

Thus, it was not until I had become fluent in Samoan, had been adopted into a Samoan family, and having been given a manaia title, had begun attending chiefly courts, that I became fully aware of the discordance between Mead's account and the realities I was regularly witnessing. When I left Samoa in 1943, after a stay of three years and eight months, it had become apparent to me, through prolonged inquiry, that Mead's account of the sexual behaviour of the Samoans was in egregious error. But I had no idea at all how this had happened.

By this time, *Coming of Age in Samoa* had become an anthropological classic, and no one would take seriously my mistrust of its conclusions. So, in 1965, after a meeting with Dr Mead at the Australian National University in 1964, I returned to Samoa for just over two years to research in further detail every aspect of her account of Samoan behaviour.

By this time Margaret Mead had become a major celebrity. In 1969, *Time* magazine named her "Mother of the World". She went on to become, in the words of her biographer Jane Howard, "indisputably the most publically celebrated scientist in America". Indeed, during the last decade of her life, she came to be viewed as an omniscient, wonder-working matriarch. One of the jokes circulating in America at this time was that when Dr Mead called on the oracle at Delphi, she addressed the age-old sibyl with the words: "Hullo there, is there anything you'd like to know?" She was said in the *American Anthropologist* of 1980 to have been "truly the most famous and influential anthropologist in the world". A huge impact crater on the planet Venus - measuring some 175 miles across - has been named after her.

In 1978 I wrote to Dr Mead offering to send her the draft of the refutation on which I was working. Unfortunately, she died on the 15 November 1978 without ever having seen it. When it was finally published by Harvard University Press in 1983, the consternation, especially in America was enormous. Without warning, the Meadian reverie about Samoa had been shattered. For American anthropologists, as one of them remarked, this was "a seismic event", and, as they surveyed the fallen masonry, the embarrassment of those whose

beliefs had been so rudely shaken quickly turned to fury against the antipodean antichrist who had so desecrated their *sanctum sanctorum*. In no time at all, as one observer has recorded, there were many who seemed willing to tear me "limb from limb".

Things reached their apogee in November 1983, when, during the 82nd meeting of the American Anthropological Association a special session devoted to the evaluation of my refutation was held. It was attended by more than a thousand. The session began conventionally enough, but when the general discussion began, it degenerated into a delirium of vilification. One eye-witness has described it as "a sort of grotesque feeding frenzy", another wrote to me saying "I felt I was in a room with people ready to lynch you." This then is the kind of fanatical behaviour that is released in the zealots of a closed system of thought when one of their principal certainties has been effectively challenged.

What is more, at the annual meeting of the American Anthropological Association later that same day a motion denouncing my refutation as "unscientific", was moved, put to the vote, and passed. Yet, as a moment's thought discloses, the notion that the scientific status of a proposition can be settled by a show of hands at a tribal get-together is *unscientific in the extreme*.

I now come to what was for me the most unexpected of denouements. When I arrived back in American Samoa in 1987, I was introduced by Galea'i Poumele, the Samoan Secretary of Samoan Affairs, to a dignified Samoan lady whom I had never previously met. During my previous visits to Manu'a she had been living in Hawaii where she had gone with her family in 1962. She was Fa'apua'a's Fa'amu, who, in 1926, had been Margaret Mead's closest Samoan friend. In 1987, at 86 years of age, she was still in full command of her mental faculties.

Fa'apua'a's sworn testimony to Galea'i Poumele was that when Mead had insistently questioned herself and her friend Fofoa about Samoan sexual behaviour, they were embarrassed, and – as a prank – had told her the exact reverse of the truth.

In 1988, and again in 1993 (after I had found in the Library of Congress a number of letters, all of them Samoan, that Fa'apua'a had written to Mead in 1926), Fa'apua'a's testimony was investigated in great detail by Dr Unasa L Va'a (as he now is) of the National University of Samoa. In 1990, I obtained from the archives of the American Philosophical Society in Philadelphia, copies of the private correspondence of Franz Boas and Margaret Mead for the years 1925 and 1926. Then, in 1992, in Washington DC, I was able to research all of Mead's Samoan papers in the Manuscript Room of the Library of Congress. From these and other primary source materials it has been possible to determine just what befell the 24 year old Margaret Mead in Samoa in 1926. It is a revealing story.

When Margaret Mead was Boas's Ph.D student at Columbia her fervent desire was to do ethnological research in some untouched part of Polynesia. And so, when Boas imposed on her his quite different project she at once entered into a private arrangement with the Bishop Museum of Honolulu to do in Samoa the kind of ethnological research on which her heart was set. This arrangement she kept entirely secret from Boas, her official supervisor. Immensely ambitious, she was defiantly burning her candle at both ends. It was to lead directly to her hoaxing by Fa'apua'a and Fofoa.

On New Year's Day, 1926, the island on which Mead was working was stricken by a devastating hurricane, which, in Mead's words, "razed 75 per cent of the houses of Ta'u to the ground" and "generally disorganised native society". Largely because of this, Mead persisted in her ethnological research for the Bishop Museum, postponing indefinitely any systematic investigation of the sexual behaviour of the adolescent girls she was supposed to be studying.

So it was, in March 1926, while doing ethnology on the island of Ofu, and with her work on adolescents, through neglect, being in a state of acute crisis, that Mead, hoping to make up for lost time, began to question her travelling companions Fa'apua'a and Fofoa (who were both 24) about the sexual behaviour of Samoan girls.

From Mead's diary and from Fa'apua'a's testimony we can date this questioning to 13 March 1926. What the embarrassed Fa'apua'a and Fofoa told Mead was the exact reverse of the truth, and, we have the clearest possible evidence of this in a letter that Mead wrote to Boas the very next day. In it she tells Boas that in Samoa there is no "curb" on sexual behaviour during adolescence – this being precisely the false information which, as a prank, had been communicated to her, the previous day, by Fa'apua'a and Fofoa. This is "the smoking gun" of David Williamson's play, *Heretic*. There is a facsimile of part of Mead's letter to Boas of 14 March 1926 in its program.

A few days after her hoaxing Mead wrote to Boas again saying she was ready to leave Samoa. Her planned investigation of the sexual behaviour of the adolescent girls she was supposed to be studying was *never* undertaken. Instead she relied on the totally false information with which she had been hoaxed.

And so, as David Williamson has me saying in his play: "A whole view of the human species was constructed out of the innocent lies of two young women". That one of the ruling ideologies of our age should have originated in this way is both comic – and frightening! The full story is told in my forthcoming book *Franz Boas and the Flower of Heaven* – to the draft of which David Williamson has had unrestricted access. All in all, or at least so it seems to me, it is one of the more spectacular stories of the Twentieth Century.

The aim of both Boas and Mead was to exclude biology – and particularly evolutionary biology – from the study of human behaviour. Although, as is now known, Mead's environmentalist conclusion in *Coming of Age in Samoa* was counterfeit and wholly misleading, it was enthusiastically accepted by Franz Boas. In 1934, when still Professor of Anthropology at Columbia University, Boas proclaimed in the *Encyclopedia of the Social Sciences*, that "the genetic elements which may determine personality" are "altogether irrelevant as compared with the powerful influence of the cultural environment". It is this anti-evolutionary ideology that has dominated thinking in the social sciences for most of the Twentieth Century.

We now know that Mead and Boas were massively mistaken. Boas died in 1942. By that time Oswald Avery and his colleagues were already actively exploring the characteristics of DNA, which had been discovered as long ago as 1869. Since the determination of the chemical structure of DNA by Crick and Watson in 1953, an event ranked by John Maynard Smith as "the most important discovery in biology since Darwin", genetics and molecular biology have effloresced in the most prodigious way. Never before have there been such fundamental advances in our understanding of the mechanism of life. In a paper on "The Human Genome" published last year by Mandel, it is estimated that there are "about 3000 genetic diseases" known in humans, with many of them "affecting brain function" or behaviour in some way. This makes nonsense of Boas's conclusion of 1934.

From work on the human genome, as on the genomes of other forms of life, it has become apparent, as the great evolutionary biologist Dobzhansky once remarked, that we humans are "kin to everything that lives". A remarkable instance of this has recently come to light with the successful sequencing of the 6000 or so genes of yeast – a unicellular fungus that is used in the baking and brewing industries. Howard Bussey of McGill University, who coordinated the sequencing of yeast chromosomes 1 and 16, was recently giving a seminar on his work when a distinguished colleague raised his hand. "What," he asked, "is a muscle protein like myosin doing in yeast? Yeast doesn't move!" "Myosin," Howard Bussey explained, "does the same job in yeast as it does in people. It binds with actin and other proteins that move things like mitochondria around in cells". "The contractile proteins, as in yeast," Bussey went on, "or, for that matter in tomatoes, are woven together in animals to form muscles." Something to reflect on when next you have a tomato sandwich: we are indeed kin to everything that lives.

Simon Easta, who heads the Human Genetics Group in the John Curtin School of Medical Research at the Australian National University, having established that there is only 1.6 per cent difference between human nuclear DNA and that of chimpanzees, has, with his

colleagues, concluded that humans diverged from chimpanzees only some 3.6 to 4 million years ago. We have thus reached a juncture in the history of human understanding when, as Daniel Dennett has recently put it: "the fundamental core of contemporary Darwinism, the theory of DNA-based reproduction and evolution is . . . beyond dispute among scientists".

We are, it is now utterly clear, the products of evolution. Or, to put it more dramatically, we are not fallen angels but risen apes. This key realisation changes all of our long established assumptions about ourselves. In its light, human history, for the first time, becomes intelligible, and human behaviour understandable as never before. This radical transformation in human understanding – which has come to a peak in the mid 1990s – I shall call "the new evolutionary enlightenment". And, I confidently predict that, because it is based on fully tested scientific knowledge, it will far outshine the enlightenment of the Eighteenth Century:

The fundamental advances of the last 40 years in genetics and molecular biology have been accompanied by comparable advances in primatology, human ethology, and, in particular, in the neurosciences. On 17 July 1990, the President of the United States of America proclaimed the 1990s to be "The Decade of the Brain". The decade was ushered in by the publication of Paul MacLean's epoch-making book *The Triune Brain in Evolution*, in which it is shown that the human brain contains three phylogenetically given formations, the reptilian, the palaeomammalian and the neomammalian, which both anatomically and biochemically reflect an ancestral relationship to reptiles, early mammals and late mammals.

The principal feature of the palaeomammalian brain is the limbic system which is primarily concerned with visceral processes and the emotions. It is in this phylogenetically ancient part of our brains, which is virtually identical with the limbic systems of our primate cousins, the chimpanzees, and which evolved long before the emergence of cultural adaptations, that our basic human nature is physiologically programmed.

Yet, even more important are the frontal lobes of our brains, often described as "the neocortex of the limbic system", which are the seat of consciousness, and, most importantly, of the human capacity for making choices. This capacity, as the researches of J Z Young, John Tyler Bonner, Antonio Damasio and others have demonstrated, is biologically given. Thus, as Richard Passingham, one of the foremost researchers in this field has put it: "Human beings are capable of voluntary action in the most restrictive sense; that is, voluntary action involving the conscious comparison of alternative courses of action".

What evolutionary biology also tells us is that all humans, belonging as they do to the same species, have the same phyloge-

netically given human nature, with their differing cultures having come into being during quite recent times, through the varying exercise of choice. Our biologically given capacity for choice is then of enormous human significance. Indeed, there are grounds for renaming our species *Homo elegans*, the choosing primate.

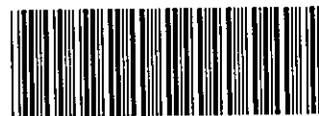
One of the most influential books in modern evolutionary biology has been *The Selfish Gene* by Richard Dawkins, who has recently become the first Professor for the Public Understanding of Science in the University of Oxford. *The Selfish Gene*, which was first published in 1976, ends with the statement that although we humans are, in significant ways, built by our genes and our cultures, we nonetheless "have the power to turn against our creators". When I wrote to Dawkins putting to him the supposition that the "power" he was referring to was "the human capacity to make choices", he replied, on 23 May 1977, saying: "I cannot disagree with you. I am referring to the human capacity to make choices".

Dawkin's position is thus very similar to that taken by T H Huxley in his lecture "Evolution and Ethics", which he gave at Oxford University on the afternoon of 18 May 1893. For Huxley, as for me, civilisation is an attempt by humans to escape from their place in the animal kingdom to establish a human kingdom based on ethics. Thus, in the kind of evolutionary anthropology that I avow, we humans, although most certainly a part of nature, are nonetheless able through informed and wise choice to control our biology, including our limbic systems, and, by transcending the limitations of our cultures, to learn to think for ourselves and to behave ethically whatever be our situations. I would put it to you then, that if it leads to such an outcome, heresy cannot really be such a bad thing.

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Photo - David Karomidis

John Langan SJ

Father John Langan SJ teaches philosophy at Loyola University, Chicago. Rob Ferguson is Managing Director of Bankers Trust, Australia. On Tuesday 16 July 1996 John Langan addressed The Sydney Institute on business ethics and the four strategies he believes should guide the business conscience. Rob Ferguson responded.

CORPORATE

RESPONSIBILITY IN THE AGE OF DOWNSIZING - KING LEAR OR NOAH?

John Langan SJ

On 4 July 1996, the central story on the first business page of *The New York Times* dealt with the currently critical situation of Aaron Feuerstein, the chief executive of Malden Mills Industries, a speciality textile firm in Lawrence, Massachusetts, one of the old mill towns of the Merrimack Valley north of Boston, the area where the Industrial Revolution first made its mark in North America in the 1830s and where Puritan plans for godly and industrious folk were disrupted by the arrival of the Irish in the 1840s. In the aftermath of a spectacular fire, which occurred in the middle of the worst ever New England winter and which left the mills a smoking ruin, Feuerstein announced that he would rebuild the factory in Lawrence, that he would guarantee jobs to the 3,200 workers the firm employed, and that he would pay full wages to those who were unable to find alternative work in the meantime. To do this, he had to rely on full payment from the insurance companies and to increase capital spending by 500 per cent. *The Times* reporter, Louis Uchitelle, notes that "at first, Mr Feuerstein said he had simply done the decent, ethical thing, and he still makes this point; as a deeply observant orthodox Jew, he felt he could do no less." (*New York Times*, 4 July 1996).

But such a course of action is not without significant risks. As Uchitelle points out, Feuerstein is risking his company and his reputation and rejecting safer alternatives. "He could have closed and walked away with tens of millions of dollars in fire insurance, giving up to rivals his company's flagship product, Polartec, a synthetic fabric much in demand for sporty outerwear. Or he could have reduced the risk by being far more parsimonious in his payments to his workers and less ambitious in rebuilding." A factor which increases the cost of rebuilding is the need to integrate contemporary technology into buildings which will be in architectural continuity with the rest of the city. Malden Mills has already spent \$US100 million on rebuilding, which includes \$15-20 million paid to 1,380 laid off workers "to keep available people vital to the operation". So far it has only collected

\$70 million from the insurance companies, and so the firm has had to increase its bank borrowing to over \$100 million, five times its usual level. This is a significant level of debt for a firm with \$425 million in annual sales and \$30 million in net income.

But neither Mr Feuerstein nor the *Times* reporter is interested in the financial details as such. Both are very interested, one critically and one defensively, in the case of Malden Mills for its bearing on the larger issues currently being debated in advanced industrial societies as corporate downsizing takes a significant toll of previously secure jobs, not merely on the assembly line but also throughout the management structure. The *Times* itself ran an extended series of articles on corporate downsizing earlier in the year which has now been published as a book. Analysts, investors, and managers have been excited over the prospects of a strategy which would simultaneously increase profits while reducing costs and risks. As a sign, however, of how short can be the life of fashionable strategies, one can point to *The Wall Street Journal* for 5 July 1996, which features a story reporting that costcutting and downsizing will not retain investor support in the absence of growth, which will of course bring both increased costs and increased risks. But let us set to one side the important and hopeful possibility that growth will provide an attractive and comparatively painless solution to the problems of managing economic change in the global economy and let us look for a while at the shape of the problems confronting Aaron Feuerstein and similarly situated entrepreneurs and managers.

Uchitelle in the *Times* structures his account of the situation so that Feuerstein's strategy for rebuilding the plant and retaining the workers is presented as both benevolent and risky. Feuerstein draws and retains the loyalty of his skilled workforce and elicits cooperation from the union which has allowed him to override seniority rules by recalling the most skilled workers first. An aspect of the strategy which is not emphasised is its conservative character; it relies on known factors of production and on continuities in the workplace and the surrounding community. The *Times* writer does acknowledge that "after the fire the goal was to restart Polartec production quickly and not forfeit sales to a competitor. Rebuilding here, with an already skilled labor force, was the fastest way". It seems that here we have a situation in which business judgment and social concern, efficiency and compassion, point in the same direction. The risks, however, are not primarily in the process of production, but on the financial side. Good and worthy objectives are indeed being aimed at; the question is whether the company can carry the debt burden and achieve a sufficient rate of profitability within the time constraints imposed by the banks and the insurance companies. The situation of Malden Mills becomes one more instance of the general dilemma which so often

confronts business executives and managers, "Can I really afford to do the right thing?"

Uchitelle adds a further dramatic or even melodramatic twist to this dilemma by stressing Mrs Feuerstein's concern that her husband would fail. At the end of the article he quotes her: "Here is Aaron, as a national spokesman for worker loyalty, trying to save jobs, and what if he loses the company? That would be a terrible thing". The frame which Uchitelle offers for his story strongly suggests that the 70 year old Feuerstein may be acting the part of King Lear, the very incarnation of mistaken trust and geriatric stubbornness. But he has to acknowledge that the manufacturer has reaped an enormous amount of favourable publicity for his stance and that this has benefited the brand identity of his products. The factor which triggers this reductive depiction of Feuerstein is clearly his claim that "his commitment to his staff and to his community should be a prototype for the behaviour of all chief executives" and his statement that "I feel that I am a symbol of the movement against downsizing and layoffs that will ultimately produce an answer".

As a philosophical and theological observer of the business world, I find myself lacking in the skills of the drama critic; and so until the story comes to an end I will refrain from judging the merits of the Feuerstein-Lear analogy. I have to admit that the 3200 workers of Malden Mills may be comparable to Lear's hundred knights and that Feuerstein's inherited family firm may resemble Lear's or even Queen Elizabeth's Britain and I confess that I would be curious to see Goneril and Regan at work in the contemporary business world, perhaps even in the news world. What I can do is to offer some comments on the scenario as it has unfolded thus far, comments which will, I hope, provide both some philosophical clarifications and some reminders of important values in the tradition of Catholic social teaching. In some respects, these comments will be independent of the way the story of Aaron Feuerstein and Malden Mills and the city of Lawrence turns out; but they also have to take into account the uncertainties of the situation and the fact that we and the persons who make the key decisions at this point do not know how things will turn out.

First, let us quickly consider a couple of the scenarios briefly touched on in the *Times* account: "He could have closed and walked away with tens of millions of dollars in fire insurance, giving up to rivals his company's flagship product, Polartec, a synthetic fabric much in demand for sporty outerwear. Or he could have reduced the risk by being far more parsimonious in his payments to his workers and less ambitious in rebuilding". These "safer" alternatives are not, however, we should note, completely without risk.

The first course, while meeting the test of being to the financial self-interest of the primary owner of the firm and thus falling within the

domain of economically rational choices, involves the extinction of the firm and the certainty of negative outcomes, at least in the short term, for a large number of employees and for neighbouring businesses (suppliers, retailers patronised by the employees); it may also, and in this case almost certainly would, involve a blow to the psychological wellbeing of the primary owner and a loss of psychic income by diminishing his sense of competence and accomplishment and depriving him of his satisfaction in performing successfully the demanding tasks of being the chief executive officer of a sizeable firm. A decision to close the firm and for the owners to keep the money will strike many people as unfair, since it awards the overwhelming majority of the burdens to the employees and those dependent on them and the majority of the benefits to an individual or a very small number of persons.

To keep the case from being too complicated by non-essential factors, let us suppose that the firm is able to pay severance to the employees and that it can meet its obligations to creditors and its responsibilities for the pensions of employees. The decision to close the firm down would nonetheless have been a legitimate decision, acceptable in legal terms and, if a different personality were involved and the history of the matter were different, intelligible and even welcome in personal terms. Suppose, for instance, that Feuerstein were suffering from a serious ailment or had to give sustained attention to very serious family problems. Even if he were acting only to advance his economic self-interest and to protect his economic security in retirement, he would still have been subject to risks; but these would presumably have been the ordinary risks which high net worth individuals encounter in the financial markets: real but manageable and usually welcome to most people.

But it is clear that the decision to go out of business cannot be universalised. It makes sense to pull one's money out of a business and to close it down in order to invest the money elsewhere; but it cannot make sense to do this for all the businesses in the economy. It is also worth remembering that in a very large firm which operates in many different locations, a wider range of alternative strategies will be available and individual personalities and their often idiosyncratic needs will be less likely to have a major impact on major decisions. This, of course, varies with the corporate culture and history of particular firms, which can range from erratic autocracies to rigid bureaucracies.

The second course is one which is difficult for an outsider or for any person without a detailed knowledge of the business to assess with any precision. The key points in it seem to be: 1) to do no more for the workers than is legally required; 2) to rebuild in the cheapest fashion possible, perhaps in a cheaper labor market. This would certainly mean

that less of the firm's money would be at risk, though other sources of risk might well be increased, since the *Times* narrative makes it clear that the firm depends heavily on the skills and the inventive cooperation of its work force in detecting quality problems and in developing new products. Before the fire, the firm clearly had a certain kind of momentum; and it is probably a defensible business decision to hold that the rebuilding needs to be done in a way which sustains that momentum.

In any event, the debate ceases to be about fundamental principles and objectives and turns into one about ways and means, about more or less, within an agreed strategy of continuing the business and rebuilding the production facility. But it is not merely about higher and lower costs for rebuilding; it is also about the communication of a message, in particular the message which Feuerstein decided to send to his workers about standing by them and providing them with help to sustain their lives through a difficult period. This message seems to be both morally significant and economically effective as a means of retaining a trained and committed workforce. Just how important, how powerful that message and what its essential elements are (as contrasted with relatively unimportant extras) will have to be left as a matter for reports from the recipients and for research by social scientists. The conclusion may be that one can do what is needed for less than Mr Feuerstein was willing to spend. A more canny leader might work out a better deal for the firm than a leader apparently driven by a sense of *noblesse oblige*. On the other hand, trying to cut corners may so weaken the message and may unintentionally damage the rebuilding effort that in the long run it would be less expensive to spend more on the original effort to sustain the workers.

Let us now take up the possibility that Feuerstein's gamble succeeds, that Malden Mills achieves a level of profitability which enables it to reduce the indebtedness to a more comfortable level and that the firm retains and even increases its market share and that its employees develop new products. This is something which we would probably agree on characterising as a happy outcome, a win-win situation. Good luck and congratulations to Mr Feuerstein – *mazel tov*. The employees and the citizens of Lawrence would rejoice, along with historical preservationists, Massachusetts taxpayers, assorted bankers and professors of ethics. Minority shareholders (if there are any) and inhabitants of an unnamed town in Malaysia to which Malden Mills might have relocated may take a less positive view; and this serves to remind us of the fact that there will be a downside to even the most righteous of business decisions, especially if we consider losses to possible beneficiaries of alternative courses of action. This last point is something which is more likely to be recognised by economists and by philosophers than by managers and journalists and most other

participants and observers in a critical decision about closure and relocation.

The question that is philosophically interesting and politically controversial in this post-catastrophe situation is whether there is an obligation on the part of management to achieve this happy outcome. It is interesting to remember that in this case things were going well before the fire and that the case is thus a clean one, in which management is not considering the possibility of requiring employees to pay the cost of its own prior mistakes but also in which one does not have room to argue that management owes workers and the community something for resources or opportunities which it has abused. Granted that rebuilding along the lines which Feuerstein chose is a good thing to do and granted that there are no potentially overriding ethical obligations lurking in the background, the question remains whether managers are required to decide for the course of action which preserves the most jobs and best maintains social continuity. Or, to put the issue in negative terms, are they forbidden to take decisions which would make the happy outcomes I have just sketched impossible?

The mere suggestion that there may be such requirements and prohibitions makes most managers very nervous about discussions of this whole topic. Many, I suspect, would like to be in a position where, when the decision is for continuity and for retaining workers, they can appear and accept the applause of the community for a socially responsible decision and when the decision goes the other way they will not be denounced as selfish, irresponsible, and lacking in compassion and civic spirit. They would be willing to be fathers of success and to abandon the foundlings of failure, to be candidates for praise and not for blame. This seems to be a transparently self-serving stance, a stance which is not especially reprehensible but which is not commendable either. A lot of us, whether managers or not, would, of course, be happy to see if publicists and ethicists will provide the free lunch which the sterner economists deny us.

What options are open to management and its friends at this point? One would be to dismiss the happy outcome as simply a fluke, a pleasant end to a story, but not something which can be brought within the stern realm of moral obligations and prohibitions. Another possibility would be to remind us that obligations cannot exceed capabilities, that in the classic axiom drawn from Kant, "Ought implies can". If it is not within the power of managers to bring about these happy outcomes, then they can be under no obligation to do so. A powerful practical consideration relevant to this theoretical point is the often very real possibility that striving to bring about the good and happy outcome of maintaining or renewing the plant and the jobs it provides may put the firm at a serious competitive disadvantage or under crushing financial burdens. A further possibility is to insist that

management's proper role and responsibility is to make investment and strategic decisions and that as long as it does so in accordance with the law and with such norms as the "prudent man rule", then it should be exempt from moral scrutiny and moral criticism of its decisions. In this view, management has the authority to make the decisions; it should do so in accordance with its judgment of the best interests of the firm and of the shareholders, to whom it is ultimately accountable. Yet another possibility is to suggest that the harm brought about by management decisions not to rebuild or to reinvest are comparatively trivial or are merely temporary; people will find other jobs, the area will recruit new companies if it is truly economically viable, a trained work force will not lack opportunities over time, that suppliers will find other outlets for their products. A further line of defence for management can be found in a theme which is prominent in the *Times* article, namely, that the solution chosen by Feuerstein promises to work only because of special characteristics of the company and the industry and cannot be generalised to provide the basis of a universal obligation.

Now I think that we have to acknowledge that there is some merit in almost all these responses from those who would argue for exempting management from any serious obligation to pursue a solution which in effect makes whole the various employees and communities which would be negatively affected by a drastic transformation or closure of the firm. Certainly we have to begin by acknowledging that there is no guarantee of a successful and painless resolution for crises of the type exemplified by the Malden Mills fire. Sometimes a plant has become obsolescent and a work force has become too costly for a firm to be able to renew itself in the same location. Such originally extraneous considerations as environmental impacts and costs as well as negative features of the local labor market may make a move to another location not merely convenient and attractive to management but a necessity for the survival of the business in any form. While managers have more power, more income, and more discretionary authority than workers, they routinely find that they have to exercise their power in a situation where legal, regulatory, financial, and personnel constraints stand in the way of their achieving all the goods they would normally want to achieve.

It is also the case that management will have to take the primary and central responsibility for making these decisions and for devising the programs for implementing the major decision. It is, after all, what they are paid for doing; and if they are well trained and competent, they are the people most likely to have the relevant experience and analytical ability to judge correctly what it is actually possible to do in these situations. The conditions I am pointing to here are not mere boilerplate; it is important to recognise that they are not always satisfied and that they are less likely to be satisfied when industries are going

through periods of rapid and fundamental change. Nonetheless efforts to take these decisions out of the hands of management and to put them in the hands of regulators or of the political authorities or of the union leadership are likely to produce negative economic results and intensified and politicised social conflict. So the appeal to the authority and expertise and responsibility of management is a weighty one; and it must remain so in general, even when particular managements make grievous mistakes.

These reflections also point us to the very important responsibility that critics of institutions and their policies have to consider the possibilities which are actually open to the leaders of these institutions and not simply to impose on them a wish list of desirable outcomes which they may or may not be able to bring about and which may often have unintended or unforeseen costs. We also need to recognise that the persons who must carry the burdens resulting from these management decisions, while possessing less power than the managers, are not themselves purely passive; they often bear at least some responsibility for the state of the firm and for the opportunities and problems which it has.

But the point that management is entitled to make the strategic decision does not entail that the decision which it makes is right; this is a point on which both the critics and the defenders of Feuerstein should be able to agree. To borrow an analogy from the political realm, the fact that the state is the competent authority to wage war or to raise taxes or to define criminal offences and penalties does not ensure that it will exercise its authority to do these things in such a way that its decisions are right. As philosophers would put the matter, the question of the moral rightness of corporate strategies and decisions is not merely procedural; it is also substantive. Debate over the rightness or wrongness of corporate decisions is not settled by showing that the issue has been decided by the competent authorities.

In a contemporary pluralistic society which is marked by high levels of disagreement on a wide range of moral issues, this may well seem to be bad news. What has happened in the United States and to varying degrees in many open societies is that corporate managers have had to develop policies for handling ethically controverted issues which range from abortion to weapons sales, from tobacco advertising to the use of child or slave labour in the garment industry, from nuclear power to the claims of domestic partners, from using pesticides to dealing with dictatorships, from testing drugs and cosmetics on animals to paying off corrupt officials. In reacting to many of these situations, management may be more concerned about averting public relations disasters and legal embarrassments than about conforming its practices to sound moral judgment. The business world seems to become a crazy quilt of no-go zones as more and more previously legitimate activities

are branded as damaging or morally corrupting and therefore as unacceptable.

One line of response is to settle into a kind of agnosticism on many of these issues and to make no more decisions on them than one has to. After all, one's own firm is likely to have employees and managers who are as divided as the general public is about these matters. It is also likely to have people who resent these issues as distractions from or obstacles to achieving their personal goals or the targets of their business activity. These moral issues, which get a great deal of attention in the press, are worth serious attention and discussion from management and from the general public. But they are not the kind of issues that need to be worked through when we think about standard business decisions such as the Malden Mills case. For here we have a company producing a morally non-controversial product, with a history of good labor relations, with no complex political entanglements with suppliers or customers. What do the owners and managers of such a company need to think about in order to do the right thing in making fundamental strategic decisions, granted that, as we have observed earlier, these will be their decisions to make about a company for which they are responsible?

Stakeholders

One of the most influential answers to this question in the recent past in business ethics has been what is commonly called stakeholder theory. Briefly put, this directs decision makers to look to the various constituencies or groups with which the firm interacts and to which its actions make a difference and then to ask what the positives and negatives of a particular course of action will be for these constituencies such as employees, suppliers, customers, neighbourhoods and civic communities, competitors, regulators. This recognises that business works within a social world which is richly differentiated, in which individuals often play a number of different roles (middle manager, marketing specialist, Aboriginal activist, feminist, Anglican, suburbanite), and in which dominant values are understood and shared in a highly differentiated fashion. Stakeholder theory is also commonly presented as a counterpart to and corrective for the dominant role assigned by US law to the shareholders, who are the owners of the company and for whose benefit the firm is to be managed. We have neither the time nor the space to sort out all the issues clustering around stakeholder theory and around the many changes in relations between shareholders and managers. I will try to make some quick and, I hope, non-controversial claims about it.

First, it fits well with the communitarian emphasis in Catholic social thought, which has always taken the common good as a dominant category. Second, it directs the attention of managers to a

wide range of concerns which they need to deal with in today's complex business environment, even if they do not subscribe to some of the stronger claims of stakeholder theory. If managers are to think realistically and perceptively about implementing and communicating their decisions, they need to think carefully about the constituencies which will be affected by those decisions and which can put up barriers to carrying out the decisions.

Third, we should not expect the legal primacy of the shareholder and the legal obligations to which that gives rise to give us the basis for a comprehensive account of what the moral obligations of the firm in its social setting are. Moral obligations are not, and I would argue, cannot and should not be fully captured by legal enactments and regulations. All of us need to be ready to think through the changing roles of shareholders, especially their transitory and increasingly collective character. The underlying issue here is whether it is in the long run healthy for firms themselves if the overriding factor in fundamental decisions is the benefits to be derived by persons and organisations which may be over the hill and out of sight after the next quarterly dividend or perhaps sooner.

Our moral judgments in this area have to depend both on what is required by the basic legal and conceptual framework governing corporations and on a realistic estimate based on experience and analysis of what the likely effects will be both in the short and the long term for the various stakeholders and for society at large. If this is right, then there is no one step procedure for assessing the rightness or wrongness of corporate decisions in this area.

If managers are to meet their moral obligations in making these decisions, they will need to look to the effects on the various stakeholders and listen to the way in which the stakeholders articulate their concerns. They will have to examine the likely impact of their decisions on the rights, on the needs, and on the interests of the stakeholders (in descending order of priority). At the same time they will have to examine their ability, which is really the firm's ability, to satisfy the claims arising out of these rights, needs, and interests. And we will have to bear in mind that their ability to satisfy these claims will be limited, since a defining concern of the managers of an economic enterprise has to be the allocation of scarce resources. What results will be a program which balances a diversity of considerations, which leaves most parties only partially satisfied but which, if it is carefully arrived at and honestly communicated, should leave most parties with the judgment that this is reasonably close to the best that can be done under existing circumstances.

Feuerstein's decision probably comes closer than most to leaving all the main players satisfied. It may be misleadingly easy because of the effective identity of owners and shareholders. But it has the great

advantage of making it clear that the interests of all the major active players have been weighed seriously and are likely to be protected provided that the chosen strategy actually works. This includes the players (skilled but not professional employees, local communities) whose needs and interests are often given very little effective protection. For this reason, Feuerstein's decision deserves moral approbation, even if it should turn out not to be successful. He should be compared, not with Lear, who needs the storm scene to learn from the depths of his heart the vulnerability which he shares with the fool, but with Noah, who offers a strategy for survival and shared risk in damp and dangerous times.

But it is also going to be true that other managers who decide similar cases differently will themselves be men and women of moral integrity and will have reached a contrary decision, although it needs to be added that they should only do with a sense of genuine regret for the rights, needs, and interests which they have felt compelled to override.

It is highly unlikely that regulations can substitute for the complex weighing of considerations which is management's task in these situations, though they may effectively prevent the repetition of grave abuses and though they can and should set reasonable rules of the game for the players in the process. If regulation is bound to be incomplete and unsatisfactory, then there is all the more need for internal and external critics to pose hard questions, for different players to propose imaginative alternatives, for members of the public to discuss their concerns and to consider changes in the processes and the conditions under which decisions like Feuerstein's are taken.

For managers, I think, have to acknowledge that, in the absence of such pressures and criticisms, which are painful and often based on imperfect information, they are only too likely to be tempted to prefer quick or fashionable solutions (which usually require less thought and less time to work out) and that they are more likely to give a sympathetic hearing to those with whom they feel a certain professional rapport and with whom they share education, life experiences, and economic aspirations. The voices and concerns of the less powerful and less articulate need to be heard if the hard decisions which sometimes have to be taken are to enjoy moral legitimacy and credibility.

CORPORATE

RESPONSIBILITY - A REJOINDER

Rob Ferguson

The Malden Mills case looks on the surface like a moral challenge to the chainsaw approach of Al Dunlap. Al, after cutting his sawteeth in Australia as a downsizer at companies like Consolidated Press and ANI, went on to corporate fame as the downsizer of Scott Paper in the USA.

But the surface is by definition superficial. Let's look beneath the surface at Malden Mills to see if the apparent clarity we see persists.

At Malden Mills we have an owner deciding to rebuild rather than cash up or move elsewhere. In an age of technological progress we've got used to the prospect of mill towns becoming obsolete, and textile jobs being performed in lower wage countries. So the response of Aaron Feuerstein seems counter-intuitive.

But my limited inquiries suggest that the product developed by Malden Mills is unique. It's produced by people who have had a big input into the development process and their on-going contribution to a complicated production process seems to be needed. So this is not a product that can be produced anywhere on a mass scale.

The product seems to enjoy a "brand name". Brand names normally mean higher margins for the owners of those brands. The product is part of the L L Bean, Lands' End and Patagonia outdoors product range. Because of the huge publicity the *New York Times* articles received, apparel companies have started to tag their clothing with "Malden Mills" and "Polartec" labels. So here we have a production process that needs the town of Lawrence's labour force with its Polartec skills and a brand name that delivers superior returns that justifies the use of the rebuilt Lawrence facilities and the relatively expensive local labour force.

So it seems to me, either by chance or deliberately, Mr Feuerstein has also got his financials right, even though Father Langan says in his talk "that neither Mr Feuerstein nor the *Times* reporter is interested in the financial details as such".

But surely the bank is interested in the financial details. The *Times* article is not clear about the role of the bank in the decision of

Malden Mills to stay in the town of Lawrence. It's also worth noting that Mr Feuerstein is the sole owner of Malden Mills – unusual these days in a world of dispersed shareholders owning most business enterprises. This means Mr Feuerstein has only had to take his own financial considerations into account and hasn't been in the position of a manager who represents both owners and staff and community.

You might say that the bank would have exercised a significant role. But this depends on how valuable the Malden Mills business is. If, as I suggest, a "brand name" has been established by Potartec then this is an asset against which Mr Feuerstein can borrow. So long as the asset coverage provided by the brand name is sufficient, then the bank will be relatively indifferent as to the location of the new mill. It's the owner of the "equity" – in this case Mr Feuerstein – who makes this decision and it seems to me he's probably made a sound business decision, knowingly or unknowingly.

There are subsidiary decisions of note like the one to pay laid off workers \$15-20 million "to keep available people vital to the operation". It's hard to know if this was necessary or not, but if the workforce is unique in its skill set, it makes sense to keep them on standby rather than have them lost to alternative employment and therefore forcing the company to train new staff.

So from the limited information I have, it seems to me that the Malden Mills case is not something that can be extrapolated from. It seems like a sound business decision that recognises the unique nature of the workforce and the profitability of the Polartec product and therefore I don't see that it carries much precedent for the bigger debate on downsizing.

The message I get from this case is you need to look at every situation on its merits. In some cases it will be financially impossible to maintain a competitive position without significant downsizing or relocation, but in others re-building will make sense.

Now all of what I've said might sound as if I'm adopting a very financial or rational view to the decision process that Mr Feuerstein and other owners and managers face. Far from it. The decisions that managers make must take into account financials but the human side is just as important. Just like most good decisions involve a good balance of rationality and emotions, so should the important business decisions we are looking at today.

I see the manager's position as akin to a judge presiding over a number of different constituents who have potentially competing claims. He has to be concerned about his own shareholders, who may well be pensioners in another town away from Lawrence who need their investment income to live on. Then there are employees to think of as well as customers and the community.

In all of these considerations it is imperative that the manager considers the psychological contract he has entered into with all of these constituents. So, for example, he may have strongly suggested lifetime employment to employees. Or he may have indicated to employees that the company's future was finite and likely to end soon. These things are not necessarily written, but by actions, words or deeds exist, and if they are broken without consideration or compensation, then a wrong has been committed.

So what I am saying is that managers are required to make principled decisions. This is really the subject of tonight's discussion. What are the principles we should be operating under? The stereotype of managers is that they pay excessive heed to shareholders and shareholders are usually seen pejoratively as "the rich". The reality is very different. The reality is not simple. It's complex.

In thinking about the complexity of Malden Mills, managers must resolve the tension of balancing the claims of shareholders for high returns against those of employees. Then there is the shareholders' demand for economies of scale - size at the expense of spirit. Others, like employees and the community, may be more interested in something smaller and individually identifiable. Despite what we might care to think about an ideal world, in practice the interests of each may be mutually exclusive.

Having said this, interests of groups and individuals will shift according to the issue at stake. Alliances will change accordingly and in most circumstances a manager will be required to exercise the kind of judgment that even Solomon would have found difficult to make.

While the need to take into account many different issues creates a burden of complexity for managers, it is much more desirable than the alternative position. Our political and economic system prevents one ideology from prevailing absolutely. In our system, one ideology - be it laissez-faire, equality of outcomes, economies of scale or the belief that small is beautiful, is constrained from becoming the whole answer. Even if a noble ideology were to dominate, it may be oppressive for some. So if you have total laissez-faire, the wolves get to eat the lambs while equality of outcomes is poison for the wolves.

The pluralism of our political and economic world protects us from each other's idealistic dreams and managers like politicians and other decision makers are asked to decide, to the best of their ability, on these competing claims.

But let's go back to Mr Feuerstein for a minute. Let's assume that he is making a non-financial decision. Let's assume the figures just don't add up. It's financial suicide. Does that make him a morally good person for making that financially dumb decision and another person morally bad if he decided to close down in a similar situation?

Well, Father Langan quotes Kant who reminds us that "obligations cannot exceed capabilities". So you have no ethical obligation to do the impossible. So if Mr Feuerstein is committing financial folly (which he can afford), it is his call to make, but it should not reflect on somebody else making exactly the opposite decision, given the same set of facts.

Getting back to the real world and Mr Feuerstein's apparently sound business decision (whether he appreciates it or not), we are reminded that there are no absolutes. Some situations may require management decisions that cost jobs and other may not.

Where there are clear and direct losers from any decision, in particular employees, it is always important that managers recognise their responsibility to help the losers make the transition to alternative employment. This means attention to retraining, relocation and redundancy payments. Above all, it means compassion and awareness for the human consequences of your decisions and the prompt and clear communication of these decisions once they are made. So this is the manager's lot.

A couple of years ago, I gave a speech on "The Mixed Economy" and in it I talked about the thankless lot of politicians trying to balance competing claims. I quoted John Grey, an English philosopher, who described the lot of politicians as "a desperately humble task of endless improvisation in which one good is compromised for the sake of others, a balance is sought between the necessary evils of life and the ever present prospect of disaster is staved off for another day".

While he may be a little dramatic about disasters, I can relate to what he says in my life and my work. There are no winning ideologies, no simple answers or sudden solutions. Every day brings its own problems and trade offs and certain knowledge of more to come.

This is the lot of managers. Like all people in all walks of life, some of us are good at it and some of us are bad at it, but so long as we try to the best of our ability to make the best decision after recognising the variety of constituents we serve, then in general we should make forward progress.

Now all of this may seem a bit gloomy. But I don't think so. By being put in the position as a manager to make these tough calls, you develop as a human being.

Your attitudes and beliefs are a function of the decisions you make. I remember a sign by the tracks at Redfern years ago that said: "What you eat today, walks and talks tomorrow". Well, the quality of decisions we make are much the same. Just like the food today is us tomorrow, our experiences and responses make up our character.

If it is so for individuals, it is also true for institutions. To the extent they try to make good decisions, the character of the institution will also be enhanced. If by the process of adjudication on these

dilemmas we develop our character and the character of institutions we work for, then that must be a good thing.

Life is about constant improvement and in our fast-moving pluralistic world, managers and institutions get plenty of opportunities to do that today.



Photo - David Karanidis

Jeffrey Grey

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CONFRONTATION:

THEN AND NOW

Jeffrey Grey

The recent efforts of successive Australian governments in “discovering” our region furnish further unhappy evidence for the proposition that the art of government these days is profoundly ahistorical. Leaving aside the attempts of our previous prime minister to ignore uncomfortable or merely inconvenient truths about our historical relationship with a variety of countries, the apparent inability of some senior public figures to contextualise our relations with our immediate region in terms of their, and our, recent past suggests a more or less profound failure really to come to grips with our place in this part of the world, whether in the recent past or the immediate present.

Our long-standing involvement in the education of young Malaysians, say, or Singaporeans, or Thais is a matter of importance to them, and should be of importance to us, and not merely for the dollar value which it brings to currently cash-strapped Australian universities. That one of our longest and most consistent forms of engagement with our regional neighbours since 1945 has been military and strategic, occasionally in operations of war but mostly as part of peacetime security regimes, further belies the notion that the Australia of the 1950s and the 1960s had little or no interest in Southeast Asia other than in our alleged role as an appendage of the Americans, and should prompt some questions about the form and nature of the relationships concerned, as we seek still closer ties – strategic, economic, educational, diplomatic – with the nations of ASEAN and beyond. Much was made of the concluding of the new security arrangements with Jakarta late in 1995, but little of the coverage and discussion had any sense of how the strategic relationship with Indonesia had developed over the previous 20, or 30, or 40 years.

It is the military and diplomatic relationship with Indonesia which is my concern here, in particular the nature of Australian-Indonesian relations in the 1960s during Confrontation, unquestionably the lowest point in that relationship since 1945. Paradoxically, perhaps, while Australian and Indonesian regulars fought and killed each other in the

rugged jungles of Sarawak, Sabah and Kalimantan, Indonesian officers continued to attend the Australian Army's Staff College at Queenscliff; while the British Embassy was burnt to the ground by the mob, with official sanction, in 1964, the Australian Embassy was untouched; and while the British Ambassador, the long suffering Sir Andrew Gilchrist, enjoyed little contact with the most senior levels of the Indonesian Government, his Australian counterpart, the able and, I think, under-appreciated, Keith Shann appears to have been something of a personal favourite with Sukarno. The Indonesians, then, certainly differentiated between the British, whose longstanding presence in the region was on the wane, and the Australians. As Sukarno noted to Shann during one of their meetings at the height of Confrontation, the British and Americans would ultimately withdraw from Southeast Asia, but the Australians lived there.

As a goodly number of Indonesians, but very few Australians, are able to tell you, Australia's relationship with Indonesia began with Canberra's championing of the nationalist cause against the Dutch in various international forums during the struggle for independence in the years immediately after 1945. The Labor government's anti-colonialist stance is still recalled with respect by the generation which came of age in the aftermath of the Second World War and the period of Japanese occupation. Like much else, good relations did not survive the change in the international environment during the 1950s when subjected to the iron logic of the Cold War.

By the beginning of the 1960s, the Australian Government was opposing Jakarta over the future of the disputed Dutch colonial territory of West New Guinea, or Irian Jaya. Its diplomatic efforts were much less successful in 1960-61 than they had been in 1946-47, with the added complication for Canberra that the United States has altered its stance on the future of Sukarno's regime; in 1958 the US had worked, through the usual clandestine channels, to destabilise the Indonesian government by supporting separatist and anti-government rebellions in various parts of the country, but by 1961 Washington had decided that strengthening Sukarno was the best way to block the growing power of the PKI, and would not agree to any international move which might weaken his prestige domestically. The Australian Government thus found itself in the uncomfortable position of looking at its new principal ally for support on an issue which was of considerable importance, only to find that its ally not only did not accord the issue a similar priority, but did not even view it in the same light.

The standoff between the Dutch and the Indonesians over West New Guinea – for, despite Indonesian bellicosity it did not in fact degenerate into full-scale hostilities, although these were accounted for in Indonesian planning – nonetheless provided some interested pointers

for the much more serious conflict which was about to break out. The Dutch forces were trained to NATO standards and enjoyed a technological and qualitative edge over the Indonesian armed forces, ABRI. The Indonesians did make several attempts at infiltrating forces into West New Guinea, pretty well all of which ended disastrously: of 1173 men delivered by airborne insertion, 127 were killed and 219 were captured, while the attempted seaborne infiltration of some 562 men resulted in 28 killed and 219 captured, all for the loss of nine members of the security forces.

The Indonesians prevailed because the Dutch ultimately were isolated on the issue internationally and were not prepared to go to war to preserve the rump of their East Indies empire. But Sukarno appears to have derived an unwarranted belief in his own strategic genius as a consequence of this outcome. In Nasution's words, he came away "puffed" with his success. Senior Army officers, Nasution in particular, who had advocated a greater concentration on internal security and domestic, economic and social issues suffered some diminution of authority, at least with the president and some senior government figures. Sukarno had deployed a mixture of diplomatic pressure and military bluff, and had won because the Dutch were not prepared to contest the issue beyond a certain point for reasons which had little to do with the efficacy of Indonesian strategy. Similar measures used against more resolute opponents would yield a very different outcome.

Confrontation likewise was a mixture of diplomatic and military bluff, this time with the addition of a sustained low intensity campaign of protracted and sometimes relatively costly ground combat, largely though not exclusively confined to the border areas of Malaysian Borneo and Kalimantan. It began, though this was obvious only in retrospect, with the short-lived and abortive Brunei rebellion of December 1962, which was fuelled by domestic grievance but was armed and supported by Indonesia. Suppressed quickly and cheaply by British units flown in from Singapore – once more demonstrating the value of the capability to project power across and within the region – a tangled skein of issues and events involving domestic political disaffection in Brunei, Indonesian unhappiness with the federal solution proposed by the British for a union of Malaya and the British colonial territories in Borneo, and the imperatives of Indonesian domestic politics occasioned by the growing tensions between Sukarno the army and the PKI, came together in the policy of "confronting" the newly emergent Malaysia announced by the Indonesian foreign minister, Dr Subandrio, in January 1963.

The tempo of operations during the four year campaign built slowly in the course of 1963-64, culminating in the highly dangerous but hopelessly inept parachute and seaborne incursions by Indonesian irregulars into peninsular Malaya in August-September 1964. Although

these were neutralised quickly, with the invading forces killed or captured, the incidents concerned marked the beginning of a period of great danger in the immediate region, with Indonesian forces based in Sumatra and the Rhio Islands making regular attempts at landing by sea over the next few months, and with the Malaysian Government increasingly alarmed and pressing its regional partners upon whom it depended for its immediate security at this time – the British, Australians and New Zealanders – to undertake concerted action to eradicate the mounting Indonesian threat before it became too great to manage short of an open conventional war. As the Australian and British planners on various ANZAM committees appreciated, such steps would indeed be most likely to precipitate the wider and more damaging conflict which all sought to avoid, but the Malaysians' concern was entirely understandable in the circumstances. The outcome of the discussions between the various governments, conducted at one point directly on Australia's behalf by the Minister for Defence, Senator Shane Paltridge, was the commitment of Australian ground combat forces to battle against Indonesian regular units in the demanding operational environment along the Sarawak-Kalimantan border during 1965-66.

The majority of the burden of combat in Borneo throughout the campaign was born by the British and Gurkha units of Far East Land Forces, and the British also provided the majority of air assets in support of operations. In a global context, this effort was mounted from a dwindling resource base and placed great strain on British commitments elsewhere in the world. On the other hand, seen in a purely regional context, the British deployed the largest and most combat capable forces in the region other than those of the United States, at that point distracted by growing commitments further to the north. Britain's eclipse as a world power may have been clearly evident from the time of the Suez crisis in 1956 onwards, but in Southeast Asia the British were still a formidable regional power, and their willingness to remain in the area and commit forces was an important contributing factor in the subsequent stable development of the ASEAN region. It was a presence which the Australian government welcomed, and whose departure in 1971 it markedly regretted, and it belies the notion that the British formulated their policy at the expense of the Pacific dominions' own interests, as was sometimes asserted both then and subsequently.

Australian policy had consistently supported the maintenance of Malaysia's integrity as a federal state incorporating the former British Borneo territories, but this support had been diplomatic rather than practical for the first two years of the conflict. Neither the British nor the Malaysians were enthusiastic about this stance, but something of its context needs to be understood before we condemn or condone it. As I

have implied already, like Sukarno the Australian Government understood that in the aftermath of Confrontation it was going to have to deal with the opposing side on a continuing basis, and Menzies and his senior ministers and officials were mindful of the damage to the long-term relationship which too aggressive a policy stance might bring about. On a practical and day-to-day basis, they were also fearful of the potential for a Confrontation-style campaign spilling over the common border between Irian Jaya and the Australian-administered territories of Papua-New Guinea, something with which they knew the Australian forces were ill-equipped to deal.

It was for this reason, and not with an eye on Indochina, that the government introduced national service in November 1964. In retrospect, it has been too easy for critics of Menzies and his government to see that decision in terms of the growing commitment to the American cause in Vietnam which came to dominate defence and foreign policy in the second half of the 1960s and beyond. But in late 1964-early 1965 the war we were actually fighting, in Borneo against Indonesia, loomed much larger in government deliberations than a more distant one in which we had as yet a bit part only, and had the tempo of Confrontation increased again, as it showed every sign of doing in the first half of 1965, and as it continued to do well into 1966 notwithstanding the coup and its aftermath in October 1965, then we might well now accord the war with Indonesia a much more prominent part in the history of that period than is usually the case, and the first national servicemen killed on active service in the 1960s would have died in the jungles of Borneo, not those of Phuoc Tuy province.

But it didn't happen that way, not least because the Australian Government finally saw that the time had indeed come to back diplomatic and training support for Malaysia with something more forceful. Throughout 1963-64 Canberra had argued that it was prepared to commit troops, but not "ahead of need". The British and Malaysians, and some in Australia like the Chairman of the Chiefs of Staff Committee, Air Chief Marshal Sir Frederick Scherger, argued that by the time that need became apparent, it would be too late for small force commitments to make any difference and that the government would find itself faced with precisely that situation - a wider conventional regional conflict - which it sought so assiduously, and rightly, to avoid. As noted already, the British forces were severely stretched by the commitment to Malaysia and had to be supplemented through depletion of the strategic reserve formation in Britain itself. The Malaysians were undertaking a rapid and difficult expansion of their armed forces, and could not maintain this program and also field additional troops for Borneo, and in any case the Malaysians were fully committed to defensive deployments against further possible incursions against West Malaysia from Sumatra, which we now know were to be

undertaken at divisional strength at Sukarno's own order sometime in early 1966. Australian policy over troop deployments to Borneo was over-cautious, but this is certainly in contrast with at least one popular image of that government in this period, which is sometimes depicted as overly bellicose in its desire to involve Australia in regional wars alongside its great power sponsors.

And so Australian, and New Zealand, units were committed alongside the British, Gurkhas and Malaysians. Through a combination of aggressive operations across the border, dubbed CLARET, good intelligence, some of it electronically derived, the "force multiplier" effect of helicopter lift for positioning troops on the border, and the fragmented and uncertain higher direction of the campaign on the Indonesian side, they ultimately prevailed. But the solution to the conflict was always going to be diplomatic, not military, and the skilful and restrained use of military force served both to ensure that negotiations, once undertaken, could proceed without either side enjoying too great an advantage in the theatre, whilst at the same time making it abundantly clear to the Indonesians that Malaysia would indeed be defended by its treaty partners and associates, and that Jakarta's policy of Confrontation was thereby effectively bankrupt. On those grounds alone Confrontation stands as a model of the effective utilisation of minimal necessary force in the resolution of a significant regional conflict.

In response to the book since it appeared, two reviewers have suggested that the circumstances of Confrontation, especially those which governed the conduct of CLARET operations, raise troubling ethical and moral issues. Briefly, the point about CLARET was that it sanctioned operations by Security Force personnel across the border into Indonesian Kalimantan at a time when no formal state of war existed. It was developed in response to the regular and repeated violations of Malaysian territorial integrity by forces of Indonesian volunteers and regulars, 29 such incursions in the period between 25 January and 9 March 1964 alone. Initially, in May 1964 when approval to conduct cross-border operations was given in London, the depth of incursion sanctioned was set at just 3000 yards. This, it was thought, would aid "deniability" in the event of anything going wrong, since in most places the border was unmarked and the country so difficult that a navigation error might easily account for the presence of a patrol on the wrong side of the line. As one senior British officer observed, "we certainly have been quite unable to prove Indonesian violations in a year of border operations, despite frequent killing and capture of their infiltrators on Malaysian territory". From 30 January 1965 the range was extended to 10,000 yards and "undeniable" operations were authorised. It was recognised that, operating at that range, navigation errors or the imprecision of maps would not stand up as an explanation

for the presence of British or Australian troops that far inside Indonesia.

The high command took a calculated risk with this decision. On the one hand, Indonesian infiltrators could be kept on the defensive, and hence less inclined or able to cross into Malaysia, if their own rear areas were rendered less secure. On the other, although the Indonesian authorities were obviously aware that their own soldiers were being killed in contacts inside Indonesian territory, neither side wanted to advertise the fact openly since this would very possibly necessitate an intensified military response by Jakarta, which in turn risked a widening of the war. The Malaysian Government, in particular, was not prepared to tolerate an increased tempo of attacks upon its territory and citizens and, after the incursions into West Malaysia in late 1964, had remonstrated very strongly with the British for a vigorous military response. In order to keep the lid on the whole thing, British military authorities ensured that knowledge of CLARET was kept very tightly circumscribed, and outside a small group in Cabinet and within the defence hierarchy, knowledge of Australian involvement in cross-border operations in 1965-66 was kept from both public and parliament. This was, at one level, clearly duplicitous. It certainly was secretive. But it posed no ethical dilemma for those involved at the time, who saw such measures as absolutely necessary to the prevention of a general war in that part of the region. And everything that I have seen, or heard, from both sides of the conflict, suggests that they were right.

It is almost exactly 30 years ago since the conclusion of the Bangkok Accords on 11 August 1966 brought Confrontation to an end, and the passage of several decades allows us to see that conflict and our part in it in a context largely denied to contemporaries, whose attention was already diverted by the increasing commitment to Vietnam. Confrontation has not proven a barrier to the cultivation and development of good relations with Indonesia, for a number of reasons. For one thing, the fighting was never sufficiently intense, nor the casualties sufficiently heavy, to engender any real bitterness between the combatants, and the fact that the ratio of casualties between ourselves and our opponents was heavily in our favour allowed us to maintain a generous attitude towards them. For once, our actual combat commitment was fairly short-lived, its cost in human terms was minimal, and its outcome was wholly positive in terms of the ends we had sought to achieve when we went in. In a half century characterised by protracted, violent and often inconclusive international conflict, this is not an outcome to be set aside too lightly.

Regionally, the successful outcome to the campaign helped to ensure the continuing viability of a democratic successor state to the formerly British colonial territories in Southeast Asia. It is now, I suggest, almost inconceivable that the two senior partners in ASEAN,

Malaysia and Indonesia, would go to war against each other, and yet only 30 years ago that is exactly what they were doing. The successful frustrating of Sukarno's more grandiloquent ambitions within the region, it might be argued, helped set the stage for the creation of ASEAN the following year and the gradual movement, however uncertain on occasions, towards a successful multilateral regional security regime. Our capacity to balance unequivocal support for Malaysia while maintaining the basis for building a renewed relationship with Indonesia implies a maturity in Australian diplomacy not often ascribed to the conduct of our affairs in this period, but the outcomes are plainly evident. If our part in the safeguarding of Malaya/Malaysia first from internal subversion and then from external threat in its formative period during the 1950s and 1960s appears sometimes not to feature too prominently in Malaysian considerations these days, perhaps we need occasionally to share with our Malaysian counterparts the fact that, to borrow Acheson's phrase, we too were "present at the creation", and what is more important, willingly so.

Confrontation is not simply a forgotten conflict, but rather a largely unknown one. In Indonesia it pales besides the momentous and deeply scarring events of the 30 September coup and its suppression, which marked the beginning of the transition from the Old Order to the New. This is true even amongst Indonesian officers who were in Kalimantan at the time, and whose attention was generally fixated on internal developments rather than the spluttering hostilities along the border. In Australia, Confrontation is lost to sight, like so much else that occurred during the 1960s, through the distorting prism of Vietnam with which the whole decade tends now to be viewed, accurately or otherwise. In Britain, it forms just one more small post-Imperial conflict in a long line marking the disengagement from empire, and lack of interest combined with the usual fiscal pressures suggest that the British will not even bother to commission an official account of the campaign. And yet, as our relations mature with Southeast Asia as a whole, and not only solely with Indonesia, we may, indeed should, view Confrontation as evidence of our capacity to act in our interests, in concert with allies both regional and out-of-area, in attempting to resolve regional tensions and issues through the balanced and judicious use of force, if necessary, and by other means short of force, if possible. And we should feel no need to apologise for having done so.



Photo - David Karonidis

Anne Coombs

Anarchists and libertines, the people of Sydney's Push lived out the sexual revolution a good fifteen years before it reached mainstream society. Author Anne Coombs has produced the first history of the Push in *Sex and Anarchy* (Viking 1996). To reflect on her findings, Anne Coombs addressed The Sydney Institute on Tuesday 13 August 1996.

THE LIFE AND

DEATH OF THE SYDNEY PUSH

Anne Coombs

I have always been attracted more to anti-heroes than heroes. Perhaps that's why I was drawn to the Sydney Push. One of the leaders of the Push was, and is, a man called Darcy Waters. Darcy in his youth was a gorgeous young man: tall, blond, broadshouldered, charming. His physical presence was mesmerising, able to silence a room. He was also curious and idiosyncratic, interested in everything. A few words from Darcy could influence group opinion on almost any subject. He had that indefinable quality: charisma.

In 1993 I went to visit Darcy with two Push women who were hoping to ease my path with him. The once leonine Prince of the Push is now old and ill. He sat in the litter-strewn lounge room of his Housing Commission flat, in his pyjamas – shorty pyjamas, his bony limbs protruding. There were newspapers and books and bits of food and dirty plates everywhere. My two companions immediately set about doing the washing up, while I started putting the rubbish into the garbage bins, which Darcy kept conveniently located in the middle of the lounge room floor.

This, then, was a hero of the Push. Or an anti-hero. One part of the enormous jigsaw puzzle that was to become *Sex and Anarchy*.

Another piece of the jigsaw came from my friend Sasha Soldatow. It was at the launch of Sasha's book on the anarchist poet Harry Hooton that I first met the Push *en masse*. Perhaps the distinctiveness of the individuals and their interaction that I first noticed on that occasion was similar to what had brought Sasha to Sydney in the early 1970s, in order to join the Push. Sasha was not the only one drawn from Melbourne to Sydney by the allure of the Push. Germaine Greer was another.

Greer had been part of a group known as the Drift, who drank in a Melbourne pub, the Swanston Family. Greer had said of these bohemians, "here artsy craftsmy sentimentalism . . . passed for intellectual activity".

But it was at the Swanston Family that Greer met a young woman called Kathy McMullen, who was visiting from Sydney. Greer said of Kathy: "She cut through the fog created by the Melbourne brand of *argumentum and hominem* like a laser. She was the first Sydney Libertarian I had ever met".

It was the Sydney Libertarians who were the drawcard for people like Sasha and Germaine and Wendy Bacon, and it was the Sydney Libertarians who made the Push different from bohemias in other places and other times. The Push was the wider social milieu, a mixture of students, artists, poets, deadbeats and disaffected professionals. The Libertarians were its intellectual core and it was here that the philosophy of the Push was fashioned, a philosophy that believed in constantly confronting authority, rejecting careerism and exposing romantic illusions. The Libertarians held regular meetings at which papers were delivered and debated and they published several small journals.

But most of the Push picked up "the line" by osmosis, over drinks at the pub or at parties. As one Push member told me, "Until you picked up a few of the buzz phrases you were dead in the water".

The Libertarians' ideas were inspired by John Anderson, who was professor of philosophy at Sydney University and had taught many of the original Push people. Such was Anderson's influence in Sydney over four decades that it is not too much to say that he was at least in part responsible for those differences between Sydney and Melbourne that commentators often remark upon.

In an article he wrote on the Push in June, in the Herald, Gerard Henderson pointed out the differences between Melbourne and Sydney intellectuals in the 1940s and 1950s. This was something that was at the back of my mind throughout the time I was writing *Sex and Anarchy*. The Sydney Libertarians were able to be politically radical while remaining aloof from the black-and-white divides of the Cold War. Clearly John Anderson had a part to play in that: he taught his students to beware of ideology, to see through political propagandising. Anderson had an impact beyond his disciples. Even the committed Left in Sydney were less religious about their political beliefs than the Melbourne mob, I believe because of John Anderson's influence. For example, one Sydney Communist returned from a visit to Melbourne and remarked to a Push member that "in conversation with a Melbourne Communist I had the distinct impression that I might have been talking to a Methodist".

Essentially the Push was a leftist movement that did not believe in the goals of the Left. This is only one of the many contradictions and paradoxes about the Push. And I would like to discuss now how some of those paradoxes contributed to the life and the death of the Push.

It was meant to be an open and egalitarian group: there was no membership list, no prizes for measuring up and no sanctions if you didn't. But still it had a hierarchy and everyone was aware of where they fitted into that hierarchy, without it ever being discussed. Even the leaders of the Push were not leaders in the conventional sense; not heroes but anti-heroes, who had deliberately turned their backs on conventional success.

While the members of the Push saw themselves as freewheeling individuals, they spent every spare minute of their time gathered together in a group that was almost tribal in its adherence to certain attitudes and beliefs. They were intellectuals, yet denigrated as "careerist" anyone who published widely and prominently. There were many artists among them, but artistic endeavour was very rarely discussed among the group. Perhaps the biggest paradoxes were in the areas covered by the title of my book.

The reason I called it *Sex and Anarchy* was not only because it's a great title – as Phillip Adams said, better than *Crime and Punishment*, *War and Peace* or *Pride and Prejudice*. The reason was that sexual radicalism and political anarchism were the two pillars of Libertarian belief. They espoused sexual freedom not only for its own sake but because of what they believed it would lead to: the slogan was "sexual freedom will lead to social and political freedom". And here I must pause because this sounds like a piece of ideology, and weren't the Push meant to be opposed to ideology? Of this slogan – "sexual freedom will lead to social and political freedom" – the other Prince of the Push, Roelof Smilde says: "I don't think you can prove it. In fact, I don't even think it's true, but we believed it to be true, we put it forth as though it were true. And if you do that sort of thing, you give yourself problems".

They opposed other people's illusions but were not always able to see their own. One illusion they were keen to expose was romantic love. They opposed romanticism of any kind – the romantic movement in music and literature was anathema to them – and believed no-one should try to own another person. Yet they fell in love and were jealous like everyone else.

To them, personal relationships were not things to be seen in isolation but as a part of broader social and political phenomena. To this end, they were very keen on the work of Sigmund Freud and, in particular, Wilhelm Reich. Reich worked to synthesise elements of both Marxism and Freudianism to produce an early version of "the personal is political". The Libertarians took up this idea a decade or more before the term gained common currency. In this, as in a number of other areas, they were ahead of their time. What they didn't do, however, was recognise that the equation "the personal is political", is equally valid the other way around.

The Push was very big on sex and sexual freedom as proof of their radicalism but because of all the theories around it, sex became curiously de-personalised. The freedom to fuck was a matter of high principle rather than a matter of enjoyment.

Just as they were not romantics in love, nor were they idealists in politics. The Libertarians were contemptuous of idealists, including other anarchists whom they called Utopian anarchists because of their unrealistic dreams for a perfect society. The Libertarians were pessimistic anarchists; convinced there could be no permanent solution to the problems of the world. They thought the best you could do was to protest constantly about acts of authoritarianism, and try to live your own free life, now. It was pointless to try and reform society or make grand plans for the future.

In this they were purists. To get involved in political action would inevitably involve compromise and they refused to shift from their principles. So they sat on their hands. They talked a great deal but they never did much by way of political activity, at least in the early years.

There were contradictions in this, too. Although the Libertarians were not meant to be idealists, many of them were – closet idealists, who did have hopes for a better, fairer world. Roelof Smilde told me: “I just used to dream”. But the hand of the Push stayed many dreams.

What you could do, if you were trying to live a free life, was to reject traditional careers. Numbers of them threw in their university courses and became wharfies, labourers, gamblers and waitresses. Paid work was something you did in order to live, but the real life was the Push life: parties, pub-going and talk, endless talk.

This put them completely on the edge as far as the rest of society was concerned. In the narrow, God-fearing, family-oriented Australia of the 1950s, the Push were renegades. As I say in the book, “The Push was an enclave, and its members were aware of themselves as such. The outside world had rules to hedge you in every area of life: how to speak, dress, behave, converse, work, court, marry and propagate. Such was the rigidity and the number of these rules that there seemed, as one participant recalled, “no option but to reject the lot of them”.

Because of the belief in sexual freedom and the non-aligned radicalism of its politics, the Push was enormously attractive to adventurous and rebellious young people. Over the years hundreds of them gravitated to the Push pubs.

Women were a part of this world, as eager as the men to throw off the burdens and restrictions placed on them by conventional society; more eager in some respects because they had been more restricted. A woman going into the Push in the 1950s could be under no illusion what she was doing: as far as the rest of society was concerned, she was putting herself beyond the pale. But she believed, and the men believed, that she would be treated equally within the Push. No one

would hold the door open for her or buy her drinks. She could talk with the men in the public bar – then almost unheard of – and explore the sexual field. The men encouraged the women to be not only sexually promiscuous but predatory. This was equality, Push-style; it was also a self-serving fiction on the men's part.

The insistence on equality was perhaps the biggest contradiction of all. In reality, Push men controlled both the social life and the intellectual debate. The popular activities were all conventionally masculine pursuits: playing cards, going to the races, drinking in pubs. Women were free to join these activities, but the focus was on the men. And it was a rare woman who stood up to address a weekly meeting of the Libertarian Society, to face the hard logic and unforgiving attitudes of the Push philosophers.

Sexual freedom had a number of costs, which became evident over time: one abortion after another, jealousy, betrayal. Motherhood has hardly an option within the Push. Most women who wanted children left and got married, but others stayed in and watched as year after year their fertility trickled away, until, sometimes too late, they realised they would have liked a child after all.

This was the downside of the freedom the Push offered women and over time many of them developed an amorphous resentment which – in that pre-Women's Lib era – they did not have the words to articulate. It was Women's Lib, and in particular Germaine Greer, that finally caused a shift in the dynamic between Push men and women.

From about 1972 the women began to meet on their own. They called their meetings "orgasm meetings" because that's what they were going to discuss. Throughout the years of the Push, the men had ordained that vaginal orgasms were the only "real" orgasm for women: there had been ongoing theoretical debate about clitoral versus vaginal orgasms. But when the women started meeting it wasn't so much what they discussed but that they were getting together that was important. Sex was meant to be an open topic of conversation in the Push, but it was only at these meetings that the women finally began to discuss their real sexual feelings and experiences with one another. One of the women told me: "Those meetings were the deathknell of the Push".

The nature of the Push's political engagement was also full of paradoxes. Normally groups stay together because they do something together. This must be the only quasi-political movement that remained cohesive for so long because it *didn't* do anything. But it was attractive to young people disenchanted with Cold War certainties. Here was a radical group that said "a pox on both your houses" and refused to align itself with either the Left or the Right. The Libertarians were both anti-communists and anti-anti-communists. It seemed to many who drifted to the Push a sophisticated position. Together with their pessimistic anarchism, this kept the Push isolated, marginalised and tightknit.

But by the late 1960s the world was changing and the Push could not remain immune to those changes. The movement known as the New Left was growing and espousing many of the beliefs longheld by Libertarians. There was optimism in the air, optimism that sat uneasily with the pessimism of the grand old men of the Push. There were many new fronts on which to fight: civil rights, Vietnam, censorship, Gay Lib, Women's Lib, and younger members of the Push could not contain their desire to get out and do something. These activists were frowned on by the tribal elders, until some of them – such as Darcy Waters – also started to get involved. As people got caught up in political activity divides opened up within the Push. It could no longer hold together: It had grown so big, but now people began heading off down their own paths.

Activism had killed the Push; activism and urban planning. One of the last battles that Libertarians were active in was the green ban movement, brought about by developers wanting to change the face of Sydney. Some of the Push didn't approve of Libertarians involving themselves with the BLF, and further schisms developed. But of even more immediate impact on the Push was that pubs started to be demolished. Changing the face of Sydney meant the disappearance of many of the old inner-city watering holes that had been haunts of the Push.

That's a very general overview of the rise and fall of the Push. I'd like now to just say something about writing this sort of book. The ideas of the Libertarian philosophers, their influence and so on are important to any story of the Push, and I wanted to present them as clearly as I could. But the real dynamic of the Push was in the people. It's about individuals and their passions, alliances and vulnerabilities: their life journeys over a couple of decades.

I wanted to write a book that was both a reasonably detailed history and a readable saga about a bunch of people and their friends. The challenge was that I was trying to write two books in one. On the one hand, a book of ideas; on the other, a book of what some might call gossip. There was never any question of it being one or the other; any book about the Push had to be both. Not only were they both equally important, they were – as I've tried to show – intimately entwined.

In doing battle with all the material at my disposal I was fighting on several fronts at once and had to use a combination of skills: weaving a narrative thread and developing character like a novelist; listening to people with that extra awareness of the good quote, which you learn as a journalist; and at least some of a scholar's analytical skills.

Out of this I hoped to create a book that would have plenty of intellectual meat in it for the intelligent reader but would also give them an enjoyable ride, full of personalities, anecdote and, yes, gossip. I

wanted the book to have some weight, but I also wanted it to be a good read.

Leaving aside biography and autobiography, there is still a tendency in Australia to see non-fiction as the dry, dull stuff and fiction as the creative literature. I think this is a great pity. There are so many stories – relevant to our society and our lives – that are out there waiting to be told, so many characters waiting to be drawn. There is more to non-fiction than polemic, or writing about the distant past, or how-to books. But when books on contemporary events are written they are often reactive, sensationalist – “quickies” written in reaction to a certain issue or event. We seem not to have a tradition of reflective non-fiction in this country – something which I hope is beginning to change.

The success of Helen Garner’s *The First Stone* and of the American John Berendt’s *Midnight in the Garden of Good and Evil*, demonstrate the potential. The Americans have a lot of these sort of writers.

Garner said recently that she might write mainly non-fiction from now on. I hope she does because that will help lift the profile of what I believe is a much misunderstood part of our literature.

The general view of works of quality non-fiction – again leaving out biography and autobiography – is that it will probably be worthy, impart a lot of information and not be exactly riveting reading. And there are many books like that. Normally they are written by academics. Because it is usually only academics who can afford to spend years working on a complex piece of work. And academics, ensconced in their institutions, do not feel compelled to make their work accessible and enjoyable for a wider reading public. If we had a tradition of writers being paid better; if we had some quality publications for showcasing longer pieces of non-fiction – such as the Americans have – then we might develop a literary culture where non-fiction is valued for what it can tell us about ourselves.

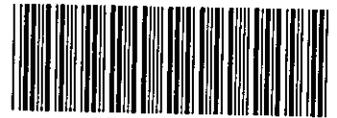


Photo - David Karonidis

Joan Beaumont

Australia At War 1939-1945 (Allen & Unwin 1996) is Joan Beaumont's edited companion volume to *Australia At War 1914-1918*. Joan Beaumont believes that the history of the Second World War has been overshadowed by an historical mindset from discussion of the First World War. In an address to The Sydney Institute on Wednesday 21 August 1996, Professor Beaumont discussed some of the important features of the 1939-1945 conflict and evaluated more recent work historians are compiling.

AUSTRALIA AND

THE SECOND WORLD WAR

Joan Beaumont

As we approach the end of Twentieth Century it is clear that the Second World War stands across the century like a colossus – or to use another image, a great scar across the collective memory of Europe and Asia. It was in all senses a world war, unlike the war of 1914-18 which gained this title only in retrospect. The war of 1939-45 involved every continent, every ocean of the world and exacted a toll of possibly 60 million lives. It devastated Europe, triggered massive movements of populations, unleashed irresistible forces of nationalism and decolonisation in Asia and left the international order irrevocably changed.

For Australia too the war was a dominant experience in the Twentieth Century. The country faced the threat of the invasion and Australian territory was attacked from the air and sea. Australian civilians became casualties. The economy and society were mobilised to an unprecedented degree, with one in twelve of a population of over 7 million, serving in the armed forces overseas. Social patterns and family life were disrupted, and assumptions about gender roles and personal morality were challenged, by the changing employment patterns for women and the “friendly” invasion of possibly a million American GIs. At the domestic political level, the war gave a new legitimacy to the Australian Labor Party which had been confined to the opposition at the federal level for most of the inter-war years. The powers of the federal government vis-a-vis the states increased permanently and a new momentum for social reform was generated at the popular and governmental level. In the international sphere, the war fundamentally shook Australian confidence in the power on which it had relied for generations, Great Britain. It generated a new sense of independence in Australian foreign policy and initiated a new, if rather halting, realignment towards the United States.

Yet for all this, we are confronted with a paradox: in Australian collective memory, if I may use that term to describe the way in which our past is remembered at the public and popular levels, the Second World War has been overshadowed by the First World War. Although

the intensive exposure to images of the war of 1939-45 during the "Australia Remembers" campaign of 1995 presumably changed this to some degree, my experience of teaching students at Deakin University confirms that knowledge of the First World War – and preeminently Gallipoli – eclipses the war of 1939-45.

The reasons for this are complex. I think they have a considerable amount to do with the scale of the casualties for Australia in both wars, and the nature of our role in each conflict. In the war of 1914-18 Australia lost nearly 60,000 dead, at a time when the population was less than 5 million. From 1939 to 1945, in contrast, our total death toll from accidents, illness and combat was about 39,000 (the population then being over 7 million). Moreover, whereas in the First World War the AIF suffered proportionately one of the highest death rates of any of the armies involved, it is no disrespect to the efforts of our defence forces in the Second World War to point out that Australia's casualties were simply dwarfed by those of other belligerents. Estimates of the Soviet Union's death toll for that conflict now stand at over 27 million – or 15,000 per day: that is, **three** days on the Eastern front would accounted for **all** Australian deaths in the Second World War. China is estimated to have lost 15 million dead, twice the population of Australia.

These statistics highlight a phenomenon which affects our memories of the Second World War: firstly, the often peripheral role of Australia in the war, or when its role **was** central, the often controversial and problematic nature of its involvement. Australia initially made its military contribution to the war very much within the framework of imperial defence. Prime Minister Menzies responded quickly to the British declaration of war on Germany on 3 September 1939, announcing Australia's involvement in the conflict only 45 minutes after Neville Chamberlain's announcement. Although Menzies then prevaricated about how best to deploy Australia's defence forces – and did not, as is often thought, rush into committing an expeditionary force overseas – by the end of November 1939 all three Australian services were committed to service far from Australia.

As a result, in December 1941 when the Japanese came into the war, three of Australia's four AIF divisions were deployed in the Middle East; its naval vessels were integrated into the Royal Navy command, and thousands of its best young pilots were either with the Royal Air Force or training to join it through the Empire Air Training Scheme. This scheme Australia had agreed to only two months after the war in Europe began, and had justified in the inimitably imperial words of the UAP Minister J V Fairbairn, that "When the Lion roars, the Cubs will answer the call".

It is often not known that more RAAF personnel died in Bomber Command than in the Southwest Pacific Area during the war against

Japan. Their heroism was on the scale of the "poor bloody infantry" to the trenches of the Somme and Passchendaele in 1916-17 but it has been marginalised partly because of the controversy surrounding the later years of the bombing campaign against Germany, when the slaughter of civilians at Dresden and other German cities brought area bombing into disrepute. But another reason, I would suggest, is because RAAF personnel in Europe were not involved in the direct defence of Australia. When some of them returned in the later years of the war, they found themselves quite unjustly stigmatised as cowards, and even the recipients of white feathers.

There is no doubt that Australia made a major contribution to the war in Europe through Bomber Command, and to the British campaigns in the Mediterranean. Without Australian and New Zealand troops, Britain could not have sustained its campaigns in North Africa, Syria and Greece over the period 1940-43. But I have only to mention Greece for it to be obvious why the Mediterranean campaign was not the stuff of legends, the siege of Tobruk being the exception. This ill planned and ill conceived campaign in Greece, and the disaster that followed in Crete, led to the virtual destruction of the 6th Division and the loss of the gains Allied troops had made earlier in North Africa.

For most Australians it is not the Mediterranean but the Pacific which is the *real* war. So what contribution did Australia make to the war in the Asia-Pacific region? Through no fault of their own Australian troops were initially engulfed to disaster. The 8th Division almost in its entirety went into captivity in the first three months of the war against Japan and the Australian navy likewise suffered serious losses in this period. Given the flaws in British planning, and far more importantly the complete overstretch of British resources in 1941, there was little Australia could do to avoid this disaster. (I am not one who subscribes to the view that Singapore would have withstood the Japanese onslaught, had it not been for the lack of discipline shown by Australian troops – though there is plenty of evidence that there were serious problems with morale).

After the debacle of early 1942 Australian forces played a critical role in holding the Japanese advance. Although we know now – and indeed knew **at the time** thanks to intelligence intercepts – that the Japanese decided after prolonged debate not to invade Australia, it was still vital to Australia's security that their attempt to capture Papua and New Guinea be contained. This Australia did, not only through its supporting the US Navy at Coral Sea and foiling the Japanese landing at Port Moresby, but also through fighting the Japanese every inch of the Kokoda Trail. Whatever the ignorance on the part of many Australians of other battles in the Pacific, Kokoda is one place that does grip the national imagination, even I suggest before the former prime minister, Paul Keating, blessed it with his kiss on Anzac Day 1992.

But thereafter the war in the Pacific for Australia was progressively something of an anticlimax. The campaigns in New Guinea of 1943 were hard fought, small scale operations which, for all the horrors of the terrain for the soldiers involved, produced nothing of epic quality. It took eight months fighting to regain 240 kilometres of territory the Japanese had captured unopposed two years earlier.

The campaigns of 1944-45 were even more anticlimactic. There is universal agreement now that the operations in Borneo, New Britain and the Aitape-Wewak area of New Guinea were "unnecessary wars" which contributed nothing to the outcome of the war or the time it took to defeat the Japanese. These campaigns were undertaken because the Australian Government felt it was essential, for political reasons, to keep the AIF in action. Yet General Douglas MacArthur refused to give it a role in the major thrust towards the Japanese mainland through the Philippines.

Which leads me to the question of Curtin's leadership of the Australian war effort. Curtin has generally been given a very good press by historians. The reasons for this are not hard to find. From a Labor perspective he was the giant who brought the ALP to power federally after nearly 20 years in the wilderness. He achieved what at times had seemed impossible, cementing together the often bitterly opposed factions of the party, even when introducing conscription for service outside Australian territories – the issue on which he had been jailed in 1916. He presided over an unusually competent, if inexperienced, cabinet who introduced a program of major social reform and a newly assertive foreign policy; and most importantly, Curtin led the nation at the time of its greatest security crisis. Just as one might excuse all of Churchill's anachronistic imperialism and bullying arrogance, because of his magnificent oratory of 1940-41, so Curtin in 1942 will be remembered as a man who matched the historical hour.

But while acknowledging all this, it is time to look a little more critically at the Curtin legend. A significant part of the legend relates to his battles with Churchill in early 1942. The fact that he refused to allow the diversion of part of the 1st Australian corps to Burma, where it would have gone straight into Japanese POW camps, is widely known, partly because of Paul Keating's unashamed use of war history to promote his republican agenda in 1992. But let it be remembered that it was **not** Curtin but Churchill who decided in January 1942 that the 6th and 7th AIF Divisions should be returned from the Middle East to the Pacific. The 9th Division stayed in the Middle East until 1943 – and much of the RAAF stayed in Britain. Curtin called a temporary halt to the Empire Air Training Scheme when the Japanese entered the war but thereafter the scheme was renewed. Despite its reputation for assertive nationalism, the Curtin Government did not

press with any particular effectiveness for the return to the Pacific of those squadrons within the RAF which were classified as Australian.

The notion therefore that the Curtin Government was fundamentally anti-British, some harbinger of Australian republicanism, is false. There were of course tensions in the Anglo-Australian relationship in 1942, rooted in a strong sense of betrayal and rejection. This tension, it should be noted predated the fall of Singapore: recent scholarship has shown that Menzies, whatever his reputation for being an uncritical Anglophile, had deep reservations about Churchill and the British conduct of the war, particularly in Greece.

The Curtin Government, however, by 1943-44 had moved back into the orbit of the British Commonwealth. This was true even of the abrasive and aggressively nationalistic External Affairs Minister Dr H V Evatt. By 1944, partly as a result of a pragmatic assessment of the limitations of a small to medium power, Evatt and Curtin adopted a traditional foreign policy position: that Australia could maximise its international and regional influence by exploiting the power of the British Empire, or Commonwealth as it was now known. At the Commonwealth prime ministers' meeting of 1944 Curtin even resurrected an old idea of Australian foreign policy, that there should be a Commonwealth secretariat whose function it would be to integrate Commonwealth foreign policy.

Some of this return to Britain was the result of frustrations with the US and growing fears on the part of Australia of the implications of US dominance in the region after the war. At the centre of these frustrations was the manifest imbalance of power between the US and Australia about which Curtin or Evatt could do nothing. But again Curtin's role in this needs reassessment. Much has been made of the cordial working relationship between the prime minister and the US commander General MacArthur. And indeed this was of fundamental importance. Maintaining a coalition in warfare is always fraught with difficulties and it was clearly in Australia's interests that its relationship with the US, on whom its security depended, be strong. It was no mean achievement for the reserved and principled Curtin to maintain a relationship with the theatrical, ambitious and paranoid MacArthur.

But in retrospect Curtin's relationship with MacArthur seems excessively dependent. Early in his time in Australia the American insisted that he deal with Curtin alone. From April 1941 on, therefore, the machinery for strategic decision making in Australia was normally MacArthur, Curtin and Shedden, the influential Secretary of Cabinet and Defence Department. (Shedden incidentally had honed his bureaucratic skills under the giant of British bureaucrats and creator of the modern British cabinet secretariat, Lord Hankey, and hence was known as the "pocket hankey".) Although Curtin obviously could consult the commander of the AIF, Thomas Blamey, and other

Australian officers when he saw fit, he usually looked to MacArthur for advice. In effect, as one of our leading military historians, David Horner says, the Australian Chiefs of Staff were replaced as the main source of military advice to the Australian cabinet by a foreign general. Curtin lacked any military experience, and was loath to challenge MacArthur's advice.

In many respects therefore there was a remarkable surrender of Australian sovereignty – again in stark contrast to the reputation for Australian nationalism that Curtin has enjoyed. In 1942 this situation was perhaps tolerable, given the prevailing sense of crisis, and the fact that Blamey was appointed by MacArthur as commander of **all** Allied land forces in the region, American as well as Australian. But as the war went on, MacArthur found ways of marginalising Blamey and progressively pushed Australian forces to the periphery of the war effort. A factor contributing to this may have been the demeaning internecine battles between senior Australian air officers. But far more significant was the fact that the Australian cabinet seems to have lost any clear sense of strategic direction in the latter years of the war. As the threat of invasion receded, and the Japanese were expelled from Papua, the Australian Government seemed at something of a loss as to what role Australia should play. This dilemma may have owed something to Curtin's declining health in 1945 (he died in June) but it was not entirely of his making. The stark reality of the war in the Pacific was that it was a war which the United States could win on its own. Once it had mobilised its massive military and industrial machine, it simply did not need small allies like Australia. To give one illustration of this: the Japanese lost 11 battleships, 26 aircraft carriers, 41 cruisers, 134 destroyers, 129 submarines and 80 escorts during the war: the RAN could claim credit for the sinking of only 1 submarine and a share in two others.

The major role that Australia in fact needed to play in the last years of the war was not to supply combat divisions but rather to provide logistical support for the massive US troop deployment in the region. This was a role which Australia played very effectively but it was essentially an unglamorous one. It sat awkwardly with the prevailing expectation of the Australian public – that its soldiers were heirs to Anzac and would distinguish themselves in battle. Moreover, being a provider of food, small arms and other military items, was not the kind of role which would win Australia a voice at the peace table. Like Hughes in 1918, who “spoke for 60,000 dead”, Curtin knew that he had to be able to speak with the authority that casualties in battle give a national government. Hence, his agreement to the “unnecessary wars” of 1944-45. And hence, Australia ending the war not, as it had in 1918 with its troops in the spearhead of the great offensive which drove the enemy to his borders, but with Australian forces on the periphery in the Pacific.

This is one of the reasons why the dominant mythology to emerge from the war has been the mythology of prisoners of war. In the immediate post-war years memoirs of POWs like Russell Braddon and Rohan Rivett rivalled in book sales the combat sagas such as *We Were the Rats*. In the last decade at least the balance has swung very much in favour of POWs. Every year I ask my students at Deakin which, if any, of the Australian military commanders they can remember. Sometimes they have heard of Blamey; rarely of anyone else. We are not a nation which reveres its military commanders; our military tradition is a democratic one, focussing on the individual digger. But almost without exception my students know of Weary Dunlop. It is symptomatic that we have a 50 cent coin to this great surgeon of the Burma-Thailand railway but none to a military leader.

The reverence that we as a nation have accorded POWs of the Japanese is understandable. Their sufferings were appalling. Nearly as many died in captivity in the Pacific as did in combat in this theatre of the war. And although Australians were captured as a result of a humiliating defeat which sits uncomfortably with our national tradition of celebrating the military prowess of our soldiers, they were able to manifest in captivity the qualities which were already celebrated in the Anzac legend as central to the national character; that is, they were able to demonstrate resourcefulness, laconic humour, triumph against the odds and above all, mateship. When writing of their captivity after the war, many Australian ex-POWs strove to integrate their experiences into the Anzac legend, quite consciously using the imagery and language of that tradition. Hence, the Second World War, with all its ambiguities and frustrations about our strategic role, had the effect, not of creating new mythology but rather of reinforcing existing myths, and consolidating the place of Anzac at the core of our national political culture.