IS LABOR DYING?
The Wall has fallen
The tarriff barriers have crumbled
And one small
Middle Eastern
country has been
erazed to the
ground

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That Was It?

Even before the Prime Minister rose in parliament on 12 March to deliver the government’s Economic Statement, most interested observers expected it to be disappointing. In that respect at least, most of them would not have been disappointed.

This is not only because key aspects of the government’s economic strategy were well and truly leaked, or prefigured, but also because, in the main, the various interest groups received gain and pain—'sweet and sour', Martin Ferguson called it—which tended to make for mixed reactions. The most striking exceptions to this are the textile, clothing and footwear (TCF) industries, the automobile industry (the same but to a lesser extent); and the environmental movement (resources guarantees for the forest industry).

The premise of the statement is a new familiar proposition with which almost everyone would agree—that the necessary stabilisation of our foreign liabilities and the current account requires a persistent trade surplus and hence national production persistently in excess of domestic expenditure. The route to this goal, given Australia’s reduced capacity to rely on traditional primary commodity exports, is supposed to be greater competitiveness—a more contentious proposition, if not actually a tautology.

In the statement all this, as well as the policy detail, was laced with the usual clichés ('living beyond our means', the 'clever country', 'working smarter', and so on). This familiar tone extended to the content of the statement. A good part of it is a mere reiteration of the government’s supposed commitment to ‘microeconomic reform’ in areas such as ports, shipping, telecommunications, road/rail transport and other public trading enterprises. This made it glaringly obvious that there were no new initiatives on offer in this area. No doubt, though, it would have been even more obvious if nothing had been said at all.

The specific policies announced were a miscellany adding up to a shopping list rather than a coherent policy. This is much what might have been expected from a 'program' which emerged as a result of the prime minister taking over the statement some months ago and making himself the conduit for his ministers’ initiatives. The result could hardly have been other than piecemeal. This points to the central weakness of the package. In attempting to bring together a program of microeconomic and structural policies the Labor government has revealed in a striking way its lack of an overall strategy for effective structural adjustment and diversification in the export and import-competing sector.

Furthermore, despite much comment in recent months that an interventionist sentiment was taking hold in Cabinet, and was challenging the intellectual and ideological dominance of the Treasurer (or is it the Treasury?), there is little evidence in the statement that this (assuming it were true) has had any significant and systematic effect. Indeed, the statement is a reconfirmation of the government’s fundamental commitment to the conventional market model of economic organisation and adjustment. If there is an overall strategy, this is it.

As a result, in industry policy the differences between the Labor government and its conservative opponents can be reduced to: (1) the pace of adjustment; and (2) some commitment to limited interventions in the areas of retrenchment safety nets, education and training, research and development, and so on. In particular, there is now and for the foreseeable future a bipartisan policy in Australia in favour of substantially reducing tariffs and other protective devices—and this evidently extends beyond the political parties to large sections of the union movement and most employer organisations.

Reduction in protection may well be a good thing; but if the premise of the market model—that displaced resources will be rechannelled to more effective uses—proves faulty, then tariff reduction will not be a substitute for structural adjustment policy. Furthermore, there is a strange asymmetry between guaranteeing ‘resource security’ for the forest industry and changing the rules for the car plan and the TCF industry plan; the latter is hardly a recipe for industry ‘security’. But perhaps the entrepreneurs of the forest industry are of particularly delicate sensibilities.

The tax reforms are sensible enough—though the extension of sales tax exemptions for industry is little more than a minor clean-up around the edges of the wholesale sales tax. The conservatives and many commentators have responded by arguing that a broad-based consumption tax is the ultimate solution. They are right; but this should be aimed at abolishing the federal wholesale sales tax and state payroll taxes, not reducing income tax. Such a scheme would also fit neatly with Mr Hawke’s efforts towards a new federal-state compact.

Will the strategy succeed in pursuing the fundamental goals stated above? In a nutshell, two things are required simultaneously. In order to achieve employment growth in the neighbourhood of workforce growth—and hence full employment—real output growth of about 3.5% is required. In order to stabilise the current account, a trade surplus of about 2% of GDP is required.

This is a big task, and the course the government has been, and is still, pursuing is not likely to achieve it. Market forces might conceivably do the job in a large, diversified economy with less deep-seated current account problems. However, the structural weaknesses of Australia’s economy are just too profound to entertain that hope.

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lrish award entitlements to parental leave.

Tension between feminists working within the industrial relations system and the sections of the women's movement who are highly critical of institutions like the ACTU is best illustrated by the debate over equal pay. Despite the Arbitration Commission's test case decisions in 1969 and 1972, equal pay has not been achieved in practice because women are concentrated in relatively low-paid sections of the workforce: service industries such as cleaning or childcare, semi-skilled production work in factories, occupations like nursing. In turn, the reason many of these areas are low-paid is because the Australian industrial relations system has traditionally used the male-dominated blue-collar trade and craft skills as yardsticks for assessing the "work value" of different kinds of skills. In the United States this problem led to the emergence of "comparable worth", a technique designed to evaluate the worth of different jobs by a comparison of the tasks comprising them. Many within the Australian women's movement advocate the comparable worth approach. In 1985 the commission specifically rejected an ACTU test case seeking endorsement of the comparable worth concept and reasserting the traditional "work value" concept. Since then women in the labour movement like Jennie George have concentrated on the comparable worth concept and the pursuit of comparable worth is not going to be accommodated..." says George, "is they are fine debates to have but what we have got to do is find the mechanisms of actually doing things to redress the situation. I don't disagree with the principle of comparable worth but...it is clear that in the Australian context the pursuit of comparable worth is not going to be accommodated..."

George traces her political commitment to the labour movement, her feminist principles and her views of the importance of education to her childhood experiences. Her Russian parents, displaced during World War Two and unwilling to return to the Soviet Union under Stalin, arrived in Australia in 1950. In straitened circumstances during their early years in this country, her parents separated. On a kitchen hand's wages, her mother had responsibility for a growing daughter and an aged mother. "I grew up in a female household with my mother and grandmother, and I learnt an empathy for people who don't have it so easy. My mother had a strong belief in the value of education as a means of getting out of that predicament. She had studied geology at the University of Rostov but the war had put an end to that. It angered me that here was this intelligent person who had never had the opportunities to make it."

George decided to train as a teacher because the scholarship included a more generous living allowance than Commonwealth scholarships. At university during the late 1960s she was active in the Trainee Teachers Club [a branch of the NSW Teachers Federation] and joined the anti-Vietnam War movement and the Eureka Youth League—the latter organisation linked to the Communist Party. She met and later married Paddy George, a CPA member who strongly influenced her political views but who died tragically of cancer in 1980. Ms George has never been a member of a political party, although she did think about joining the ALP when she moved to Melbourne in 1989 to take up her current position as assistant national director of the Trade Union Training Authority. "All my political interests are focused on the union movement. Frankly the prospect of going along to meetings and engaging in factional struggles, usually over who is going to be pre-selected for a seat, doesn't capture my imagination."

"The trouble with the debate about equal pay and the comparable worth arguments," said George, "is they are fine debates to have but what we have got to do is find the mechanisms of actually doing things to redress the situation. I don't disagree with the principle of comparable worth but...it is clear that in the Australian context the pursuit of comparable worth is not going to be accommodated..."

MARK DAVIS is an industrial reporter on the Financial Review.
‘Winning the peace’ has become the latest jargon after the Gulf crisis. It juxtaposes the politics of war and peace, making them both objects of policy. Peace does not follow war, it is the next stage of policy implementation. The major resource in the armoury of peace is money. Peace is to be bought.

US Secretary of State Baker’s talk of a ‘Marshall Plan’ for the Middle East uses a 20th century cliché for post-war development which implies the victor will help the vanquished. Reference to the Marshall Plan conjures up the image of American largesse reconstructing war-torn Europe after the allies’ defeat of fascism in the post-war world of 1945.

The irony that military defeat by the United States could bring prosperity was even made the plot of a Peter Sellers’ film The Mouse that Roared in which a tiny European principality declared war with bows and arrows in order to achieve wealth.

Yet while the Marshall Plan may have been presented as a strategy for reconciliation and rebuilding, it had another critical dimension. US capital transfers were the economic component of the policy of creating capitalist bulwarks against communist encroachment from Eastern Europe and China. The apparent largesse was a down payment for the continued prosperity and dominance of industrial capitalism, not just for the economic health of the recipient states. The transfer of US capital for reconstruction was to guarantee the incorporation of the defeated states within the capitalist order and halt the expansion of communism.

By the same logic, defeat of the US brought the reverse. Socialist North Vietnam’s successful incorporation of the South saw it punished by the US which denied it vital capital for post-war reconstruction.

Iraq’s defeat will not bring it American largesse primarily because it has wealth through oil and because the regional political imperatives of clientage earlier shaped by the Cold War have passed. Any capital transferred to Iraq for reconstruction will be mortgaged against future national oil incomes. The reconstruction of Kuwait will also, in theory, be paid for by future Iraqi oil incomes in the form of reparations. This was one of the UN conditions Iraq was forced to accept to achieve a ceasefire.

It’s not that the US has been averse to spending billions of dollars to buy peace in the region. For several years around half the US foreign aid budget (about $US15 billion) has gone to Middle East client states—notably Israel and Egypt—largely as a product of the Camp David agreements of 1978. Israel has just received an additional $840 million from the US to cover costs incurred as a result of the Gulf war. This payment was also in recognition of the restraint shown by Israel in not responding to scud attacks to preserve the US alliance against Iraq.

The contours of ‘pax americana’ for the region can be seen in the way the Arab alliance against Iraq was secured. The US brokered deals which brought capital transfers to Morocco and Syria from the Saudis and Kuwaitis to ensure their commitment of troops.

Similarly, Egypt received Saudi and Kuwaiti money to compensate it for lost incomes from tourism, workers’ remittances and Suez Canal transit earnings. In addition, one-third of Egypt’s $US50 billion external debt has been written off by the US and Saudi Arabia with the prospect of another one-third being written off by the G7 group of industrial countries.

Other deals the US brokered to gain co-operation for pursuing its war policy have included a 50% increase in textile sales to the US market for Turkey; a $US4 billion loan from Saudi Arabia and the Gulf Emirates to Moscow, and consideration of the USSR for ‘most favoured nation status’ to get access to US loans for US grain and corn exports.

As well as rewarding supporters the alliance has punished opponents of
the Arab and Western alliance against Saddam. The US has strongly criticised Jordan for its stance on the invasion and threatened to cut back aid and grants. Expatriate communities working in the Gulf states have been targeted for eviction for their governments' support of Saddam. Around 1.5 million Yemeni workers have been evicted from Saudi Arabia—thereby denying Yemen workers' remittances, a major source of national income. Palestinians have also become unwelcome residents throughout the conservative Gulf states. With the 'liberation' of Kuwait they have become a primary target for recriminations as Iraqi sympathisers. There were some 350,000 Palestinians in Kuwait before the invasion. But given the stance of the PLO during the war and the fact that many of these held Jordanian passports—a state which opposed the coalition policy in the Gulf—it is unlikely that many will be allowed to remain. The Middle East will be reconstructed with oil incomes from the region continuing the existing pattern of exchange of goods and services for the importation of goods and services. Reconstruction will simply reinforce the enormous dependence of the region on the core capitalist countries who had already secured large contracts for rebuilding Kuwait before the guns fell silent. Just as Arab oil states were asked to fund the war, it is their capital which will be used for reconstruction and buying the peace.

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Future Shock

In much of the discussion on Kuwait during the Gulf crisis there was an assumption—logical enough, one would think—that the State of Kuwait was populated by Kuwaitis; as if it were, in fact, a homogeneous society made up of Kuwaiti nationals. This is, of course, not so. Kuwaitis are a minority in their country, and have been so for 25 years. Even among those who can legally call themselves Kuwaitis, there are large numbers who are unenfranchised (as well as many who are generally discontent), while almost no civil or political rights are allowed to the numerous immigrants.

In considering what kind of society Kuwait was, and what it will become in the future, the role of the non-indigenous workforce and the inequalities within Kuwait society itself must be looked at. Also, as so often in such a context, political stability is directly related, not only to social justice but also to economic order and prosperity. Amid the devastation in Kuwait today, as thousands of newly-returned Kuwaitis take one look and promptly leave again; as political dissidents gird themselves for the battle; and as highly-skilled expatriate workers are expelled, the future does not look good.

The rapid growth of the oil economy, from the 1940s on, brought a huge inflow of immigrant workers, so that Kuwait became almost overnight a multi-ethnic society. As early as 1965 the indigenous Kuwaitis were already outnumbered by the non-Kuwaitis. Having at their disposal the talents and will to work of large numbers of highly-skilled immigrants (mostly Arabs from Egypt, Syria, Lebanon, Iraq and, above all, from Palestine) many Kuwaitis opted out of the development process. The reluctance to participate was visible even in school; scenes such as that of the Minister of Education, unsmiling and tight-lipped, presenting prizes to Palestinian and Egyptian students while their Kuwait peers sat shame-faced, were common. The same situation prevailed in business and government, where the top positions were nominally held by an often absent Kuwaiti, while the expatriate Arab manager got on with the actual job. As the social scientist Laurie Brand describes it, "the Kuwaiti economy has developed almost independently of the labour of the indigenous population".

In a booming economy and extensive social welfare, potential tensions between different groups of the indigenous and non-indigenous populations, and between the rulers and the ruled, were overlooked. But economic growth slowed, tensions developed. Some Palestinians unwisely took the attitude of "Kuwait would be nothing today if it wasn't for us", while the Kuwaiti response was that, without Kuwait, they would still be in refugee camps. Such emotions could become intense; some Arabs have referred to Kuwait's 'hiring' of a foreign army as just another version of the "why do it yourself when you can pay someone else?" mentality of the Kuwaiti elite.

In the 70s, as the numbers of educated Kuwaitis grew, so did the perception that the immigrants could and should be replaced by locals; a policy of "Kuwaitisation" was thus adopted. Then, as now, efficiency and experience were often sacrificed for political expediency. The fact that so many of the returning Kuwaitis now speak of the urgent need for a new socio-economic order—one in which reliance on immigrant workers is greatly reduced—is proof in itself of past failures in this respect; as Kuwait's ambassador to Washington recently expressed it, "most Kuwaitis were spoiled beyond imagination".

Whether Kuwaitis are, overnight, going to learn to run their own
electricity plants or to sweep their own streets is highly debatable; at the time of writing the city remains without power, and the piles of uncollected rubbish persist.

Of all the immigrant Arabs, it was the Palestinians who formed the largest and most influential group; no discussion of the development of Kuwait can ignore their role. Because the beginning of Kuwait’s oil production in 1946 happened to coincide with the first large exodus of Palestinian refugees in 1948, Kuwait was a natural destination for these stateless but highly educated people.

Kuwait gave them economic prosperity and physical security, but never allowed them either civil or political rights. Along with all other immigrants, they have never been allowed to own property, vote, own a passport or become a citizen. Upon retirement age, they must leave.

Of some 400,000 Palestinians—fully a quarter of the total population of Kuwait—only 2,000 Palestinians ever succeeded in being naturalised. The Director of Passports himself had no passport of any kind for years, and even when he was finally given one it was not accompanied by citizenship. Historically, Palestinians have never attempted to subvert the state, but are being treated as traitors anyway.

Today, because of the PLO’s stance, and despite declarations by the former Kuwaiti resistance that many Palestinians actively helped them, they are being rounded up, tortured and expelled for ‘disloyalty’ to a state that (some of them feel) never gave them much reason to be loyal in the first place.

Yet it was not immigrant groups alone who were excluded from the system; the ruling elite’s narrowly exclusive policy on citizenship and enfranchisement applied to many indigenous individuals as well. Only about 10% of the total number of Kuwaitis are eligible to vote at all.

Parliament has, of course, been suspended by the Emir for most of its existence, so that elections were a rare occurrence. But even so, the vote was denied to all women, to anyone whose family was not already in Kuwait in 1920, and to anyone whose family has not been in continual residence since then. One group thus marginalised was the bedouin; since their nomadic lifestyle presumably was at odds with the ‘continuous residence’ requirement, they were given passports but not citizenship.

It has become a cliché to say that the invasion has destroyed the status quo. But change (not necessarily all good) is in the air. The first victims will be—already—the Palestinians. Some will ‘disappear’, most will be replaced by Egyptians, Syrians and other more ideologically suitable workers. The ejection of thousands of unemployed West Bankers will not cause the Kuwaitis to lose much sleep, but will be crucial for the Israeli-Palestinian conflict and thus for the region. Kuwait’s history of support for the Palestinian cause will be forgotten, especially if the returning regime recognises Israel. And at the nuts-and-bolts level in Kuwait, the decades of expertise which the Palestinians represented will be dissipated overnight.

The Kuwaitis will be neither able nor willing to manage their reconstruction without immigrant workers, despite current rhetoric to the contrary. In the post-war economic chaos, political and social demands for participation and equity will be greater than ever before, and (under martial law) less likely to be met than ever before; a dangerous combination. Once the immigrant scapegoats have been ‘punished’, who will be blamed next for the inevitable failures?

The Emir, who was in no hurry to return, is clearly aware of real internal opposition. Damage to the exiled regime’s legitimacy has been considerable. Former resistance members now openly challenge the ‘five-star-hotel exiles’ who are returning in the apparently fond hope of taking up the reins of government exactly where they left off.

Grievances on the part of the opposition obviously go deeper than the mere issue of who stayed behind to fight and who ran away, and further back in time than last August. Shiites and fundamentalist Muslim groups can be expected to emerge along with the secular nationalists. The issues of just who should be entitled to participate in the reconstitution of the state, and of what kind of state Kuwait should become, are exposed as never before. The issue of participation—economic on the part of the Kuwaiti workforce, political on the part of all groups in society—will not go away.

CHRISTINE ASMAR lived for some years in Kuwait, and is researching the history of the Palestinian community in Australia.
Peaceniks

The Soviet leadership tried belatedly to negotiate a political resolution of the Gulf crisis but was unable to dissuade the Bush administration from going many more miles for war. Ironically, while Gorbachev has tried hard to gain favour in Washington, his February diplomatic initiative was given a hearing only in Baghdad and some non-aligned capitals. The Western nations expressed their dissatisfaction with Soviet policy politely, but in private they were not amused.

The failure of Soviet diplomacy during the second Gulf war has broader implications than Moscow’s inability to stop the first Gulf war between Iraq and Iran. In the first case, it is doubtful whether the Soviet Union can still be regarded as a great power. More significantly, the fresh breeze of ‘new thinking’ that enlivened Soviet foreign policy somewhat in recent years has now petered out.

Gorbachev’s peace initiative was the culmination of more than a month of intense activity by Soviet diplomats trying “to prevent a further escalation of the conflict” as Pravda put it, after the US and British bombing of Iraqi cities began in mid-January. This search for a diplomatic end to the war was motivated by Soviet concerns that such bombing, according to Izvestia “already goes beyond the limits of the UN Security Council mandate”.

Broader concerns were also expressed in Soviet commentaries about the USA’s traditional ‘preference for force instead of persuasion’ which, if allowed to go unchecked, could lead back “to the times of the Cold War”. Despite these concerns, many Soviet officials apparently believed that Washington would listen to their advice. The joint communiqué issued in late January by US Secretary of State James Baker and Soviet Foreign Minister Alexander Bessmertnykh was interpreted as “opening a real alternative to continuing such a dangerous war”, not as an empty compromise designed by the US government to retain Soviet support for the war. Gorbachev and his advisers seem to have laboured under the strange illusion that they could somehow “disarm the American ‘hawks’”, even while Zbigniew Brzezinski, the former hawk who had centred an ‘arc of crisis’ myth on the Persian Gulf at the end of the 1970s, was quoted in the Soviet press as saying with regret that Bush would accept no outcome other than “the unconditional capitulation of Saddam Hussein”.

A minor reason why the Soviet leadership misread US intentions was their exasperation with Saddam Hussein. He was recognised even by conservatives in Moscow as a ruthless dictator whose invasion of Iran in September 1980 had made matters worse for Soviet diplomats as well as for most people in the Middle East. Gorbachev interpreted Saddam Hussein’s invasion of Kuwait as “an act of treachery and a blatant violation of international law”. While continuing to negotiate with Baghdad, Moscow supported Washington’s demand that the Iraqi leader be brought to account as soon as possible, and avoided raising the question of whether the allied forces had any more right than Saddam Hussein to destroy the lives of the Iraqi people.

Another reason why the Soviet leadership underestimated US military intentions was its concern to establish a system of ‘collective international security’ based on the United Nations, without addressing existing global problems of massive military, ecological, economic and cultural insecurity. Gorbachev’s answer to conservative critics like Russian communist leader Ivan Polozkov who chide him for losing erstwhile allies is to stress the importance of co-operation among the big powers.

Yet the failure of the UN Security Council to discuss the Soviet-Iraqi cease-fire proposal shows that ‘collective security’ is unobtainable without a major reversal of the militarisation which has blighted Western and other societies for many decades. The Soviet government’s declaration of 24 February noted that a “military instinct” had led the US and its allies to reject Iraq’s basic acceptance of UN Security Council resolutions. This instinct was already strong in August and was bolstered rather than checkered by the military blockade of Iraq. While an editorial in Pravda on 23 February claimed that “no one has the right to issue one-sided ultimatums”, the US was able to do this precisely because of the support which many governments, including the Soviet Union, had given to the allied military build-up in the Gulf.

The main reason why the Soviet leadership failed to stop the second Gulf war is that it was concerned above all to preserve very good relations with the US. Gorbachev’s personal envoy, Yevgeni Primakov, declared on 22 February that “the Soviet Union has not taken any steps behind the back of the American administration and will not sacrifice its
events in the Middle East. In terms of foreign policy, the influence of the liberals may be on the wane. The military will no doubt use the situation to avoid disarmament, despite Defence Minister Dmitri Yazov’s recent statement that “it is impossible to excuse those who annihilate an innocent people”. Soviet diplomacy may become more conservative for a while, but it will continue to be open to more public scrutiny than before.

A coalition of conservatives and radical democrats in the Russian parliament overwhelmingly passed a resolution criticising Soviet support for the allied military build-up.

Domestically, the repercussions of the Gulf catastrophe will clearly be greatest in Azerbaijan and Central Asia. Demonstrations against the war took place in Baku and Tashkent, despite restrictions on civil liberties. Moscow’s already discredited image among the impoverished Muslims of the South and East will now be worse, and republican governments there may face strong public pressure to adopt their own independent foreign policies toward the Middle East. This might exacerbate tensions between some Russians and local nationalities, adding to existing conflicts among the latter which result from economic poverty, cultural intolerance and political repression.

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SHIFTING SANDS

It is a remarkable fact that the state supposedly at the centre of the Gulf crisis remains a cipher. Practically no one gives a fig for the restoration of Kuwaiti sovereignty under its ‘legitimate’ government. At best, Kuwait is treated with indifference; at worst, it has almost become the villain of the piece. The Independent on Sunday wrote it off, in a startlingly virulent phrase, as “a nasty little country”—as if its size somehow makes things worse.

At bottom is the suspicion that the Iraqis may be right: that Kuwait isn't really a country at all—that, as a correspondent to the New Statesman wrote, it was “invented by western imperialism”. But there is a good case to be argued that the British are responsible for today’s troubles, not because they invented Kuwait but because, 77 years ago, they sold it down the river. Kuwait is as much a victim of imperialism as a beneficiary.

At the turn of the century, Kuwait (which had achieved at least as a city, for more than 150 years) hovered uneasily between Ottoman and British domination. The Ottomans had exercised a loose ‘suzerainty’ over Kuwait for at least 60 years, but their empire was falling apart. The Russians were planning to set up a coaling station in the Emirate, and the Germans wanted to extend their Berlin-Baghdad railway there. Britain—realising that if it didn’t get Kuwait, someone else would—signed a secret holding treaty with the Sheikh of Kuwait in 1899, which stated simply that the Sheikh would not make international agreements with any other state, without approval from the British government.

The British, whose main interest was in naval security in the region, rather than in taking sides in land disputes, were never very enthusiastic about this arrangement, and, even after the treaty was signed, some members of the government still had misgivings. In a highly undiplomatic note, the Marquess of Lansdowne, the foreign secretary in 1902, wrote: “We have saddled ourselves with an impossible client in the person of the Sheikh. He is apparently an untrustworthy savage, no one knows where his sessions begin and end.”

In fact, although the actual boundaries were fuzzy, the broad picture was fairly clear. Kuwait’s territory was three times its current size. In 1905 the Ottomans held Bubiyan, the larger island near the mouth of the Shatt-al-Arab, and the Kuwaitis had large estates along the Shatt (now Iraqi territory), but otherwise the Iraq-Kuwait border was much as it is now.

The southern border, by contrast, was much further south, stretching 160 miles into what is now Saudi Arabia, and the internal frontier was further west. These were de facto borders, based on the territory the Sheikh of Kuwait could actually control. Kuwaiti military power was far from insignificant: in 1900, a Kuwaiti army captured Riyadh, 500 miles from Kuwait City (but later lost it). Had Kuwait been only slightly more successful it, rather than Saudi Arabia, might now be the dominant state of southern Arabia.

In 1913 the British concluded an agreement with the Ottomans (who still controlled Iraq), redrawing Kuwait’s borders. Kuwait was not a party to the
agreement: it was a purely private Turko-British arrangement. The treaty was never ratified, because the first World War intervened.

After the war control over Iraq passed to the British, who in 1921 established it as an independent monarchy. The British controlled Kuwait, and to a large extent Najd (part of present-day Saudi Arabia). They drew the borders as they chose, their main criterion being to create large and powerful states that would be friendly to British interests.

The story of how the borders were redrawn is a classic episode in imperialist map-making. Lieutenant-Colonel H. R. P. Dickson, later the British political agent in Kuwait, gives an atmospheric account in his memoirs. Representatives of Najd and Iraq met at the oasis of 'Uqair—Sir Percy Cox, the British Resident in Arabia, presided, and Najd was represented by its ruler, Ibn Sa'ud.

The main business to settle was a border dispute between Iraq and Najd. After six days there was no agreement. "Sir Percy," recalls Dickson, "took out a red pencil and very carefully drew in on the map of Arabia a boundary line... This gave Iraq a large area of the territory claimed by Najd. Obviously to placate Ibn Sa'ud, he ruthlessly deprived Kuwait of nearly two-thirds of her territory and gave it to Najd..." Dickson continues:

At about nine o'clock that evening, there was an amazing sequel. Ibn Sa'ud asked to see Sir Percy alone. Sir Percy took me with him. Ibn Sa'ud was by himself, standing in the centre of his great reception tent. He seemed terribly upset. "My friend," he moaned, "you have deprived me of half my kingdom. Better take it all and let me go into retirement."

Still standing, this great strong man, magnificent in his grief, suddenly burst into sobs. Deeply disturbed, Sir Percy seized his hand and began to weep also. Tears were rolling down his cheeks. No one but the three of us was present and I relate exactly what I saw.

The emotional storm did not last long. Still holding Sa'ud's hand, Sir Percy said: "My friend, I know exactly how you feel, and for this reason I gave you two-thirds of Kuwait's territory."

Later Sheikh Ahmad of Kuwait asked Sir Percy to explain why it was that he had been deprived of most of his country at the slash of a red pencil.

Sir Percy replied that the sword had proved mightier than the pen, and that had he not conceded the territory, Ibn Sa'ud would certainly have picked a quarrel and taken it, if not more, by force of arms...Sheikh Ahmad then asked if Great Britain had not entered the war in defence of the rights of small nations.

Sir Percy admitted that this was correct...Thus faced with a fait accompli Sheikh Ahmad agreed to add his signature to the agreement.

To the day of his death he believed that he had been unjustly treated and would regale his intimates with talk of this nature: "I was not present at the discussions at 'Uqair, 300 miles away, nor was I kept informed of what was happening there. I trusted Sir Percy as my father, and would certainly not have minded if a few miles of my territory had been taken from me, but to be robbed of two-thirds of my kingdom without a say in the matter, and to see it given to another was hard indeed."

The puzzle remains: why did the British create a state which they knew at the time was militarily unviable? Why not incorporate it into either Iraq or Saudi Arabia?

In 1983 the Palestinian historian of the Gulf, Ahmad Abu-Hakima, gave what, in retrospect, looks like a prescient answer. Kuwait, he wrote, "was viewed as a buffer state, preventing friction between Iraq to the north and Saudi territories to the south".  

Jolyon Jenkins

The Labor Party is running out of members, and the members are running out of patience. ALP national secretary Bob Hogg explained to Sue McCreadie how his proposed shakeup of the party is supposed to stem the tide.

How much does the current crisis in the ALP derive from rules, procedures and structures, and how much derives from confusion about what the party stands for?

Without being flippant, there's always been confusion and divergence about what it stands for. At the end of the recent party review I do suggest that we tackle the question of the party's objective and try to get a more relevant definition about the broad objectives.

Two main strands in the party—labourism and a minority socialist element—are facing crisis after events in Eastern Europe. Is there a basis for renewal in either of these traditions?

Most Leftist parties, be they labourist, socialist or social democrat, are certainly going through a period of re-assessment or permanent decline. It's probably also true of the conservative parties. It's a bit hard to identify things in what appears to be a historic shift. There does seem to be a reshaping of the political spectrum.

How do you define the fundamental differences between the Labor Party and the coalition parties, given the perception of some that the ground between the parties has diminished?

Part of the reason that our own people think the parties are moving closer together is due to the fact that expectations are raised in the party that are unreal within our political system, within the parliamentary and constitutional framework. People are inclined to think of the task of defining an objective as too difficult, and they see ours as reflecting a romantic view of the world from the 1920s. Not defining the objectives makes it harder to operate. From time to time it may be more convenient to have a statement that means all things to all people, but not having a realistic definition detracts from the work that you're doing.

The reforms are aimed at trying to create a more participatory framework. It doesn't mean that you can drive people into taking up what's available, you can only structurally create a more open and effective organisation where more people are involved. There is a connection between the organisational framework and political activity and political opportunity. Another aspect is that to remain a broad-based party we have to improve the internal political education and dialogue, as well as the exchange of views and argument, so that you don't end up by taking the easy way out and adopting policies or positions which really are not practical or possible. In other words, false
expectations can be raised and when you get into government the process of disillusionment starts very rapidly. That’s not to say that there are not decisions of the federal government, or state governments for that matter, that justify the upset in the rank and file of the party, or that appear to have scant regard for underlying principles, as against detailed policy. But in general I don’t believe the government does this, and I don’t believe in the tweedledum-tweedledee thesis. You’ve only got to look at the attitude to workplace issues and industrial relations, to questions of discrimination and social justice.

Part of the problem we’ve had at a national level is that the opposition’s been a shambles for so long, never really having a clearly defined position, and that’s made the differences hard to identify with precision. Howard was starting to shift to a nostalgia for a vision of the 50s which never really existed, with white picket fences and ‘traditional families’—a vision which excluded people like single mothers. That posed some sharp differences. But the Liberals didn’t go very far with that regressive throwback approach to policy. When Peacock knocked Howard off they went back to not knowing where they were on anything. There was no one line of policy observable in the Liberal Party. With Hewson a clearer line is now beginning to develop, and some very real differences are emerging.

You mentioned the romantic expectations of party members. There’s still a perception, rightly or wrongly, that the party in government has betrayed ‘traditional Labor values’—although it’s not always clear what they are. On the one hand the modernisers in the party might say that the rank-and-file reaction to privatisation, for instance, has been somewhat over the top. But things like the public ownership of the Commonwealth Bank are enormously potent symbols to a lot of party members. Has the leadership underestimated the potency of those symbols in trying to deal in a more rational policy-orientated framework?

No doubt there’s been a number of what you call symbols that have been removed or changed, and it’s absolutely understandable that that causes heartburn and disaffection to some extent. The issue was not talked out well in advance of any change occurring, or even when it was raised hypothetically. From my perspective the net result for the Commonwealth Bank will be beneficial, but there’s no doubt that some people, particularly older members of the party, were upset. Sometimes you have no option about how you work politically. The federal government had a real problem with the State Bank of Victoria. It’s arguable that there were other ways of funding it, but I think the way we’ve gone about it means the Commonwealth Bank is more substantial and I don’t think the change will affect the public control overall.

Returning to internal structures, part of the problem with the factions is that as they become “more efficient” the broad dialogue in the rest of the party is reduced further. The state conferences, and the national conference to a certain extent, reflect the results of committee work and backdoor negotiations over issues, pre-selections or whatever. The factions themselves on the surface may appear to be democratic: you can have a Left meeting of 200 people and they reach a decision, but it leaves another 12,000 out there trying to work out what the hell’s going on. The less dialogue you have in a political party, the less education goes on and the less of a feeling that the rank and file are part and parcel of the decision-making process. The structural changes are aimed at increasing the capacity for people to participate and at making it harder for the factions to operate in a closed, narrow environment.

I want to ask about some of the specific proposals. Changing union composition at state conferences has received a lot of publicity. Do you see that as symbolic because it would remove the union “veto”? Why is it so important?

There isn’t a union veto in that they don’t act as a monolith. It’s one of a series of recommendations to make the party more participatory. Removing the proposal wouldn’t terminally damage other aspects of the report, but in my view it’s an important ingredient. Secondly, to go from a feeling of union domination to one of partnership is psychologically important to the party. Thirdly, it is a change which is not in fact an insult to the unions nor is it telling them that they’re not wanted. It is a reasonably substantial change, but it’s not a critical one for them in terms of damaging their interests or rights or access within the movement. The fact is that union coverage of the workforce has declined over the past ten years, and the 60/40 formula, which was adopted in Victoria in 1970, applied to a different set of circumstances than what exists today. Now, if we’re to stay viable as a political organisation, we have to be broadly representative in our membership, both through union affiliations and direct membership. If we can’t make it up through affiliations, and that’s unlikely, we have to try to balance the equation by ensuring that the membership is more broadly based and expanded, and
Given that there is a social shift in party membership away from the traditional class base and that homogeneity, is one of the problems it's less of a focus in the lives of members?

The report only addresses those questions in general terms. The change in social patterns means that party life is very different, and the way people relate to the party and what they get out of it is very different. That sense of belonging and that social-club atmosphere is less pressing now because many other socialising avenues are available. We need to attract more people on a basis of political issues. The two great insights in this party are “you’re attacking the unions” and “you’re trying to middle-class the party”, and they’re being used by those who are attacking the proposals without coming up with anything better.

Anyone who had a secondary education in the 1960s was attacked for being an intellectual. When the party was based on the blue-collar workforce, before mass consumerism and broad education, the people who attended party meetings then were driven by the same motives, more or less, as those in the party now. They may not have had a formal education but they were self-educated; they read a lot and they used the unions and the party meetings to expand their knowledge through argument and debate. They were the precursors of the middle class. They tried to improve themselves and they’re no different in their aspirations from people participating in political activity now, except that you no longer have to be self-educated.

Some people who join the ALP seem to focus on one or two issues. What would you say to someone who said: “Why should I get involved in the ALP if I’m interested in the environment, rather than the ACF or some other group with influence on the government”? That is, a direct route into the government and the parliamentary party rather than through the structures of the party?

There’s a view that one would have more influence on the government by belonging to Greenpeace or ACF or the Wilderness Society than by being a party member. For some time there’s been some grounds for that cynical approach. I think that period’s gone. My view is that it’s our responsibility as a party when gaining members to broaden their understanding and to get them to appreciate the broad context of policy platform and therefore priority if change is to be effected through the parliamentary system.

Ultimately you can’t run a society based on a number of separate single-issue groups clamouring at the feet of minds of government and the government responding. Ultimately you end up with very bad government and the electorate will realise that. A government has to try to develop a cohesive and consistent set of programs and policies in order to keep society running in a reasonable and fair manner. There is a realisation that a direct, single-issue route is not the way to go, and that’s why there’s been a change on the part of the federal government.

One potential problem that arises from your proposal to move to issue-based branches from geographic ones is that it would fragment the party by hiving people off into their interest groups. Is there a risk of that? Would you lose the cross-fertilisation of interests and a coherence of policy, ideology and analysis?

I’m recommending that the geographic branch still be the joining unit. But we have to recognise that people join parties for lots of reasons and it’s up to us, within reason, to cater to their interests. In trying to develop a more participatory and integrated party organisation I’m suggesting a federal electorate model, where there is a collection of branches. What you do with a federal electorate is set up policy committees. They don’t take fees and they don’t sign you up—that’s still done in the geographic branch. These committees are needed to help develop our national platform. You can’t do that by trying to service 1100 or 1200 branch units, but you can if you’re dealing with 150 or so units—like federal divisions.

We have seven standing platform committees where we try to group a range of policies into baskets. So you’d have infrastructure, the economy, the public sector all together, for example. We’d encourage local policy committees to be set up shadowing those national committees and to involve anybody who wanted to take part in the debate on the development of policy. They would tap into the national platform committee, and we could respond to them and service them with discussion papers and consult with them. There could be weekend seminars and open dialogue on policy development.

We can improve the exchange and the effectiveness of political work. If a branch passes a resolution, some time ago they might have received a letter to say it was noted. At least now we do forward them on to the national platform committees for their consideration, even though those resolutions have no standing. The only ones that do have standing in the party constitution are from federal unions, state branches and federal electorates. We need to improve that. If you start to get people interested in an issue, then they have to start going to meetings where people are talking about that issue; you can see the benefits for the individuals, the party and the process.

If you look at the proposal to expand national conference to elect from federal electorates so that proportional representation prevails, you can’t guarantee anything but it is more likely that as people come through that tough system of argument and debate at the local level and develop some standing and relevance among their peers, some will start to say,” well, bugger it, I think I’ll stand for national conference", and you get a greater continuity between the local policy interests and what occurs at the national level. Nothing works to any formula, but it does open up an opportunity for a better flow between the branch member and the national conference.
It seems to many people who come from other areas of politics, say the women's or environmental movement, that the ALP is dominated by old-fashioned ways of working. Rigid standing orders and resolutions as the dominant means of debate seem to be ancient rituals to them. Do you see any need to question how the party works and try to bring it around to more modern ways of working?

The state branches vary but most of them are encouraging a more open and relaxed approach. You find there are more seminars being held than previously. People are actually invited to participate rather than going through the rigid Monday night formal procedures where you have a ten minute discussion about standing orders instead of the meaning of life. If you see how national executive functions, points of order and so on doesn't exist. Most of the time we'll suspend standing orders so that whatever's being discussed can be thrashed out as thoroughly as possible. National conference is run in a pretty relaxed manner even when there's been difficult issues and certainly not in a way that cuts off contributions. Some of those old practices die hard but I think you'll find they're becoming less and less the norm.

Your report is silent on some issues that the Left feels strongly about. One is problems arising from caucus decisions being binding, and another is the election of party leadership by the membership rather than the parliamentary party. Is there any merit in looking at those areas?

People are welcome to look, but I don't agree with such things and so I didn't write them. I believe we have a good political system and the form of parliamentary government is fundamentally sound and very good. The bullshit that goes on about us trying to turn the Labor Party into the American Democratic Party is an absurd insult in this debate.

On the Gulf war Labor MPs were expected to vote in a particular way whereas the American Democrats were able to speak out.

But they have no government in the way we see it. They have enormous problems with their system. They'll never be able to change the constitution they adopted. One would hope they could change things without reaching the point of terminal collapse. I think our system takes a very good approach to running government and trying to protect the broad interests of society. It doesn't mean it's infallible or works perfectly, but as a system of government it's hard to see anything around that's better than it. Part of that is having a caucus system, and for that to remain effective the party itself must be dynamic. In the American system you can run for election without a point of order and so on doesn't exist. Most of the time you can get a good result or a bad result in the interests of the party. From time to time you can get a good result out of a bad system, and vice versa. It is critical that commonsense and goodwill be
allowed to operate through the process of pre-selection. That must be a condition of any system, but, notwithstanding that, you've got to encourage participation without rampant parochialism. In Victoria members in the local electorate vote and elect delegates to a panel; in Queensland each local vote stands in its own right and that's combined with a central component. That would mean that the plebiscite would survive in NSW, but its effect would be halved. With the NSW plebiscite, if you have the numbers and you are the sitting member, your inclination is not to seek new membership and regeneration, because someone may emerge one day to challenge your position and your policies, so it's in your interests, once you get there, to make those who supported you stay and those who didn't to piss off or not grow.

We had the 60% rule in Queensland, which meant that if you got 60% of local support you didn't face the collegiate system. That'll be removed because it became another inducement to drive people out—60% of 600 votes is 360 votes; 60% of 100 is 60. Where's the pressure to build? With this proposal there's still a significant participatory element, and it gives a better opportunity to combine local need and state or national needs in the pre-selection equation.

Now to the question of party-government relations. There seem to be two elements to the crisis: the unsuitability of party structures to governing, and the remoteness of the government from party membership. Having triennial conferences and allowing the national executive committee to alter the policy platform between conferences might make the party more suitable for government but might also alienate the membership further. Are there two objectives here and are they working against each other?

We don't have to be inflexible. We may say we'll have triennial conferences but that doesn't mean that you can't have one every year if you see fit. It'll be three years in June since the last national conference, though over recent years it's usually been two years between conferences. The objective should be to develop a structure that suits all circumstances—whether in government or opposition—but the over-riding objective is to create one that's more participatory, open and accessible.

With the proposal for the new executive, the executive would be almost the size of our national conference before it was expanded in 1982. Thus the new executive is as big as what was considered highly democratic in 1982. It's also proposed that it will be elected by and from the expanded national conference. It's therefore a delegated body that will reflect the conference. It's not proposed that the executive would take executive decisions on policy matters but have powers under certain circumstances to deal with matters arising between conferences. The same people who are opposing the expansion of the conference to 100, are saying it's undemocratic and you can't allow national executive to have those powers.

On the administrative side, everyone acknowledges that the current executive is too large and so its effectiveness is
undermined. When they talk about the proposals giving more power to this office or me that's a lot of horseshit. The changes would make more work for us. Most of the administrative things I'm talking about are done at the moment without a great deal of discussion and most of the time we do the right thing. If you have an administrative/engineering campaign body, not to do the daily campaign work, but certainly the preliminary work—budgets, strategies, priorities and so on—having three tiers will improve the effective participation in the party. Those tiers are the national conference, national executive and the administrative committee.

Is all this structural reform just re-arranging the deckchairs on theTitanic?

In ten years' time someone will say yes, the party hit an iceberg but we didn't realise it. I don't believe that's the case; I believe there is a need for change. The nature of the party is dependent upon its organisational structure. The political activities are also dependent upon it. The structure is important, and my view is the more open and participatory it is, the healthier it is.

Andrew Scott has considerable evidence to back his claims of dwindling membership. ALP membership records and official election statistics reveal that in 1988, ALP national membership slid to below 40,000 members.

After ALP membership peaked at 75,000 in the early 1950s, it slumped dramatically after 1954, slowly recovering during the Whitlam years to another peak in 1983.

Other party sources give an even more gloomy estimate for 1991 figures, predicting tallies of less than 10,000 in NSW and Victoria, those states comprising more than 60% of total membership. It is not only the national tallies which spell disenchantment and disaffection.

Overall, the ALP is a party of professionals who make up more than a quarter of its membership while manual, sales, personal service and clerical workers are represented well below the proportion in the general population.

Clare Curran

SUE McCREADIE is economic research officer for the TCF unions and a member of the ALR collective and a member of the ALP.

The party is outraged, but powerless to demand a special national conference to debate the issues because rules revised in 1991 state the national executive has the power to change the party platform in between conferences. And the new rules made the conferences every three years instead of every two. Outrageous? Perhaps, but this grim scenario paints a disturbing picture for future Labor Party dilemmas. According to reforms proposed by ALP national secretary Bob Hogg, such a scene is possible.

But that's not all Hogg proposes. His reforms, contained in a 60-page draft report as a basis for discussion throughout the party, suggest wide-ranging organisational changes in an attempt to make Labor more relevant as a political organisation and more broadly based.

The Hogg proposals have received considerable media attention in recent weeks. Most of it has focused on the plan to decrease the unions' 60% representation at state conference to 50% and the argument for and against more

picture this. It's 1993. The Hawke government has again scraped back into power by the skin of its teeth. The country is in financial crisis and racked by turmoil over proposals to rationalise the public service—a radical plan based on the former New Zealand Labour government's state-owned enterprise model—to save the government millions of dollars but which will also create a new middle class of unemployed.

Labor's next national conference isn't due for another two and a half years. The ALP national executive of 40 meets and decides unilaterally that, as the country's financial crisis is so serious, the particular concerns of the public service must be sacrificed for the good of the whole country.

It's my party, and I'll cry if I want to...Clare Curran looks at the malaise of the ALP and Bob Hogg's prospects of rejuvenating it.
union involvement (and power) in the party machine. There has been little attention to the proposals that have received considerable cross-factional support. Others have created such a storm as to align Left and Right factions in NSW and Victoria.

As this article went to press, representatives from the Left and Right in NSW were meeting to discuss a combined position. This is unheard of. What has brought this situation about?

The ALP is in deep trouble. Of that there’s little doubt. Labor is no longer a “party of the workers” and there’s substantial evidence that it is no longer a “party of the people”. Branch membership has dramatically slumped, directly threatening the party’s electoral prospects. Nowadays, the ALP is made up of “middle-class professionals” while still claiming to represent a “working class” constituency.

Most party commentators agree there’s a crisis. Some, like Bob Hogg, have proposed sweeping organisational reforms to the party rules in the desire to do something “now” before it’s too late. Others, like Senator John Faulkner, despair that the problems are much too deep-rooted for organisational change to solve them.

Hogg also despair the lack of party relevance to its membership and electoral base. His report notes that “From the comments and feedback we receive, from the letters we endeavour to respond to, and from the resolutions carried by party units, there is a view that the party is in crisis. Party members express difficulty in defining what the party stands for and what its purpose is. There is disillusion with aspects of government policy at both federal and state levels...there is a feeling of remoteness from the decision-making processes of the party and even more so from the decision-making of Labor governments.”

But what to do about it? Andrew Scott has been researching the history of the ALP and its social base. His book Fading Loyalties—the ALP and the Working Class (Pluto Press) will be published in June. He maintains Hogg’s reforms take several large backward steps in democratising the party, by allowing the national conference to meet only once every three years and diverting its powers over policy to a national executive several stages removed from the full party membership. He claims there is a pressing need for national conference and executive delegates, party leaders, officers and MPs to be elected in future nationally by direct ballots, rather than the “tortuously indirect mechanisms which have applied until now”.

“Without such reforms, the senior party decision-makers cannot be made more accountable, and the futility felt by local ALP activists cannot be overcome.”

Scott also dismisses Hogg’s arguments for reducing union representation at state conferences. He argues the decisions of state conferences have only minimal impact on what Labor governments actually do, and at the more powerful national conference, union representation is already down to 30%. Scott’s research shows that branch membership (as a proportion of Labor voters) has declined by two-thirds since World War Two. Unionists, as a proportion of all wage earners, have fallen by one-quarter since the 1950s. He says the unions—affiliated and non-affiliated—are the best way for the ALP to regain touch with its traditional base which no longer participates in party branches.

NSW ALP assistant secretary Anthony Albanese claims to support many of Hogg’s reforms, but maintains there is a fundamental contradiction in what Hogg proposes. While supporting an extra 150 delegates to national conference as a way of transferring accountability to the branch, he says Hogg then destroys the initiative for more democracy “by removing their power to make binding decisions”. Albanese says the national Left’s position is for national conference to remain the ultimate decision-making body for the party. “Otherwise they become a bunch of people who get together and get pissed every few years.”

The big problem for the NSW Left is the plan to base pre-selections on the collegiate system—where a panel (selected from state conference) would have as much say as the local branch in selecting the local candidate.

But if, as Albanese claims, this is what the Right really wants from Hogg’s reforms, it is not what the rank-and-file membership would wish—whatever their factional allegiance. The right to vote in pre-selections is about all they’ve got, and a recent cross-factional campaign in NSW has collected more than 2,000 signatures to preserve rank-and-file pre-selections.

Albanese claims the current crisis stems from the federal government’s decisions on uranium mining, privatisation and defence, decisions that have undermined the party’s base.

Despite basic disagreements with the Hogg proposals, Albanese says he’s glad Hogg has come up with a plan for change. “I support Hogg’s notion that it’s better to promote change from a position of relative strength than weakness in opposition. Now is the right time to promote change. If we don’t we’ll be in opposition everywhere.”

Lindsay Tanner, secretary of the Victorian branch of the Federated Clerks Union, and member of the Socialist Left in Victoria, was an early supporter of Hogg’s reforms. Tanner claims the ALP to be the “most undemocratically structured organisation in the country with clear structural weaknesses apparent in its organisation”.

He advocates broadening the size of the national conference to provide more involvement for local party activists, and creating a three-tiered structure for decision-making. He argues that, giving policy power to the national executive is merely recognising the status quo. The more important issues are to make the party more relevant to its membership on the one hand, and voters on the other.

But that will only happen if union affiliation not only survives but is strengthened. While Tanner does not sup-
port the reduction of union power at state level, he finds Hogg's 50/50 proposal irrelevant. The major issue in Hogg's reforms, he says, is the change in the pre-selection system, which is an immense improvement on the Victorian system because it gives much more responsibility back to branch members.

Tanner dismisses arguments that the party is too deeply in crisis for organisational reforms to be effective. He says Hogg should be congratulated for having the guts to admit there were real problems to address. “He's taking a gamble, not sitting there with the shutters up doing a public relations job. I support that.”
The fall of the ‘planned’ economies and the rise of the radical Right almost buried the Left in the 80s. For many, socialism is past saving. Paul Hirst disagrees. He argues that an alternative socialist tradition offers some radically new directions.

The future of socialism is often debated as if socialism had a single past. In the 1980s the radical Right have tried to bury socialism. One of their best tactics in doing so has been to identify socialism with the authoritarian states and failing economies of the communist world. Western socialism can then be presented as a lesser version of this greater failure, but sharing essential features of authoritarian collectivism and economic stagnation. Socialism is defined by the Right in terms of the triad of collective ownership, state intervention and centralised planning, and it is still defended by some of its supporters in those terms.

The vast majority of socialists, however, recognise the need for a more libertarian political creed compatible with an open society. Some radical revisionists think it necessary to go outside the socialist tradition altogether in order to do so. They embrace the free market and redefine socialism in terms of liberal democratic theory. This is to behave as if there are no socialist sources for a libertarian socialism. In fact certain important socialist doctrines have been strongly anti-collectivist and opposed to centralised public ownership. They have also been strongly anti-statist, advocating reliance on the self-governing activities of freely associated individuals. Associational socialism is the most valuable alternative to the undiluted individualism of the free-market Right and to the centralist and authoritarian trends in modern society.

Associational socialism, which flourished between the 1840s and the early 1920s, was a third force in the history of socialism, distinct from both bolshevism and social democracy. It embraced a variety of movements and ideas, including Proudhon and the mutualist and syndicalist traditions in France; William Morris and the Arts and Crafts movement; and G D H Cole and the Guild Socialists in Britain. Associational socialism often won the battle of ideas; only to lose out to other socialist movements which relied on the more effective means of either electoral or insurrectionary politics. In an era of world wars, big government and highly concentrated industry, associational socialism came to seem an irrelevancy. Its stress on self-government and local autonomy ran counter to a period in which there were strong imperatives to central control. Because it believed in the virtue of voluntary action in civil society, it neglected the forms of political action necessary to create a state sympathetic to such voluntary activity and also failed to compete with other political forces to influence the existing state. The associational socialists were pushed aside by the 1920s. Yet the view of the associational socialist tradition as utopian and unworldly is quite
wrong. Associationalism was not inherently impractical, rather it required the right context in which it could become practical politics.

The major wars of this century promoted centralisation and bureaucratic control; tendencies inimical to the autonomy of self-governing associations. The wars also gave the political rivals of libertarian socialism the conditions in which to flourish. However, in the 1980s the international environment changed radically—and perhaps irrevocably—with the end of the second Cold War. The transformation of East-West politics, the pace of reform in Eastern Europe, and the prospect of at least partial demilitarisation all weaken the imperatives for centralised and secretive state security institutions to dominate national politics. A movement that seemed naive in the 1920s can profit from the liberalisation of Great Power politics in the 1980s.

Associational socialism may also benefit from recent economic changes in the West. The imperatives towards the large scale in industrial organisation have been perceived to be closely connected with standardised mass production for homogeneous mass markets. However, since the OPEC oil price shock and the consequent world depression of the early 1970s, markets have both internationalised and differentiated. Markets have become more volatile, product ranges have differentiated and firms have now to contend with changing demands for a more varied range of products across a series of national markets with specific characteristics. This undermines the relevance of ‘economies of scale’ and encourages firms to change their production methods to permit more flexible output.

In such an open international economy, in which the major industrial nations trade manufactured goods ever more intensively one with another, there is less scope for purely national regulation. The social democratic strategy of using Keynesian measures to boost national consumer demand and thereby sustaining mass markets has given way to more complex strategies for preserving the local manufacturing base, particularly at the regional level. In such a competitive and rapidly changing industrial environment the scope for a central state-directed industrial policy is much reduced, thus undercutting the traditional socialist advocacy of ‘planning’. The two major forms of active state intervention, Keynesian macro-economic management and dirigiste planning, are thus both weakened as socialist answers to the problems of economic policy.

In this new environment both regional economic regulation and small-to-medium scale firms have grown in importance. But at the same time, other quite contradictory tendencies have developed and these are most marked in the USA and Britain. If the logic of industrial concentration based on economies of scale in production has weakened, the purely financial pressures towards concentration of ownership have accelerated. The divorce of financial operations from the direct investment in new industrial plant and processes, conjured up in the phrase ‘casino capitalism’, has led to the concentration of ownership of industry based almost solely on stockmarket opportunities. The acquisition and take-over of firms is often devoid of manufacturing or marketing logic. In this context, top management becomes ever more powerful and yet more remote and unaccountable. The operations of subsidiary firms will thus tend to suffer from such remote
control. It can hardly be a matter of chance that it is Britain and the USA that have shown the greatest import penetration and consequent de-industrialisation. These countries have participated least in the recent changes towards flexible specialisation in production and the regional regulation of manufacturing sectors.

The financially-based conglomerate holding companies lack a raison d'être in economic necessity; they are not essential for the organisation of manufacturing. They are beyond the control of the formal machinery of shareholder representation and are unaccountable to their employees. Industrial concentration without economic rationality turns large-scale firms from a source of economic strength into a very real weakness. It represents a form of pure ownership increasingly divorced from managerial necessity. Traditional socialist remedies such as nationalisation do not offer an answer to such concentration, since the component parts of such conglomerate companies make little industrial or administrative sense when gathered together. Decentralisation and the promotion of economic self-government offer the best prospect of a form of industrial organisation in which the major contributing interests—the providers of capital, management expertise and labour—have an active interest in the continued manufacturing success of the firm.

This need for democratisation and decentralisation is where associational socialism becomes relevant; because it stresses above all that economic units should be co-operatively owned self-governing associations. The tradition undoubtedly needs to be modernised. It is also true that traditional associational socialism was highly workerist and emphasised manufacturing industry, and it could hardly cope with today's complex division of labour within the enterprise or with the increasing diversity of occupations in the wider society. However, G D H Cole's stress on organising society on the basis of voluntarily formed self-governing associations was basically correct.

The Left has been mesmerised by statism. Even moderate democratic socialists have constantly advocated giving more and more tasks to the state. The result, when such advocacy is successful, is to give more power to the state and less to socialists, and thus in turn drains socialism of creative energy as a social movement and diverts it from constructive enterprise in civil society. We have built socialism (or rather tried to) through the agency of the state and encouraged passivity in the recipients of state services. Yet we wonder why socialism is no longer a mass movement.

The more tasks that are given to the state, the greater is the state in controlling it and the more the state can take away if control changes hands. Socialists in the West, just as in the East, have seen the need to 'capture' the state, to make certain changes in policy 'irreversible'. Yet such a vision is hardly compatible with a pluralist society, in which there are other groups and social projects than socialism. It rests on the belief that socialists have a natural majority in society and, therefore, a right to a monopoly of effective political power. This belief has been widely held by democratic socialists; it is not a peculiarity of the authoritarian Left. This belief is almost inevitable if the state does come to control more and more of the affairs of society. Democracy becomes a battlefield; the only issue, who shall control the levers of power?

As the state has directly provided more services, so the individual has enjoyed less and less liberty in determining how they are provided. The recipient of collectivised services administered by officials, the individual is also increasingly likely to work for a large private organisation in which she or he has little or no say. The growth of state activity has not checked the growth of big business: often it has actively promoted it. The result is to place much of the affairs of 'civil society' into the hands of unaccountable private governments that dwarf many pre-20th century states in size.

If socialists could accept the idea of a state that facilitated the work of democratically run associations in providing work and welfare, then they might have some chance of finding a more secure future for socialism. Democratic socialists seek to encourage co-operation, mutual assistance, fellowship and the greatest measure of equality attainable. They are not necessarily tied to particular social
institutions like state ownership or central planning in meeting these objectives. Understood in this wide sense socialism can co-exist with a society of plural organisations and differing objectives. It could build its institutions of co-operative work and mutual assistance alongside other active groups of citizens and their projects; religious groups, ethnic communities, lifestyle communities, etc. A socialism committed to a pluralist society and to concentrating on organising social life through self-governing associations in civil society would pose less of a threat to others than a statist socialism, and might therefore expect to command more support. In particular, it would be more open to green conceptions of social organisation and to existing with green associations.

A challenge to statist socialism does not mean a return to the marxist illusions of ‘smashing’ the state. On the contrary, even if as many social activities as possible are devoted to self-governing associations in civil society, there will still be a need for a public power to regulate the actions of these associations and to ensure that they have the resources to carry out their tasks. A pluralist society with diverse social projects needs a public power to ensure order, but that public power need not be a ‘sovereign state’; that is, a state claiming the exclusive control of power, asserting its primacy in every social domain, and imposing itself through a single centralised hierarchy. A pluralist state—as conceived by such English political pluralists as JN Figgis, G D H Cole and H J Laski—would be based on a quite different principle: that the state exists to protect and serve the self-governing associations. The state’s powers would be limited by its function and such a state would recognise the inherently plural nature of all free social organisation. Pluralism requires that distinct locally and functionally specific domains of authority should have the autonomy necessary to carry out their tasks. This pluralist conception of the state is essential to a libertarian society, for ‘decentralisation’ and devolution’ of power will accomplish little if all they do is to recreate centralised authorities at lower levels.

Traditional state socialists raise two major objections to such a society of self-administering associations. The first is that while self-governing firms may give employees more say within the workplace, the wider economy remains anarchic and at the mercy of the ‘laws’ of the market. This, however, is to treat the market economy as if it were a single self-sufficient system divorced from control by the wider society. There are no ‘laws’ of the market; rather there are specific markets with diverse social conditions and consequences. Markets are embedded in social relations, and it is these relations that play a major role in deciding how markets work. Moreover, there are other ways of organising an economy than centralised planning. Associational socialists like Cole always stressed the important role of voluntary co-ordination between associations at national, industry and local levels. Some of Cole’s conceptions of how to accomplish such co-ordination were naive, but this does not diminish his general point. There is much evidence that those national and regional economies that achieve such patterns of co-ordination, that provide for the effective consultation of social interests and that support firms with a surrounding network of social institutions which provide essential services, are the ones that have been most successful under modern conditions of manufacturing competition. West Germany, Italy and Japan offer excellent examples of different patterns of such co-ordination. It is the most unregulated ‘free-market’ economies in the West, Britain and the USA, that have done least well.

Centralised state planning is, moreover, no answer to the supposed inherent anarchy of the market. Planning produces its own anarchy, its own distortions of economic behaviour and its own corruptions. This brings us to the second objection. This is the claim that a system which assigns most welfare tasks to voluntary associations must produce inequalities in provision, benefitting some households and localities at the expense of others. Yet this inequality is just the result that centralised bureaucratic welfare systems have managed to accomplish. Nothing, moreover, prevents the state in such an associationalist system from enforcing minimum standards on associations in receipt of public funds or from providing its own welfare safety net.

In such an associationalist society there would be public funds raised by taxes and there would be capital markets to provide investment resources for firms. Voluntary associations would not finance all public activity through flag days. The state could, for example, collect an ‘associational tax’ as a substantial percentage of total tax revenue, and allow taxpayers to nominate, say, about 25% of their associational tax payments to a limited number of organisations (perhaps five to ten). That would prevent all revenue going to cats’ homes and the like. The state would then distribute the bulk of the remaining of the associational tax according to the registered membership of associations and retain a reserve for meeting shortfalls. Such a system would ensure funds would flow towards the more popular associations. Moreover, industrial finance would become a mutually owned sector. Firms would establish credit unions; pension funds, insurance companies and so on would lend to industrial banks and buy industrial associations’ bonds. Self-governing firms would thus have access to external sources of capital and would be subject to the disciplines of borrowing at interest on organised capital markets.
Such a society is administratively and organisationally feasible. It is not a utopia, nor does it—as most utopias do—make unwarranted assumptions about human stamina and motivation. Self-governing associations need not be participatory democracies nor need they be small-scale: representative elections and a professional management answerable to a democratic governing body may well be sufficient for most purposes. Many voluntary associations at present are of this nature, and providing they perform their tasks well enough, members are happy to subscribe and do no more than vote for the existing council.

A society of self-governing associations leaves people free to choose the extent of their involvement. It does not compel endless hours of voluntary service above the demands of home and work.

But how to create a society of associations? How to tackle the current big corporations? How can one seek the greatest measure of equality possible when top tycoons are paid up to $1 million a year? Clearly, big business would regard the conversion of firms into self-governing associations with horror and would resist it root and branch. But if the public could be persuaded of the virtues of democratically accountable business, top managers would find themselves in the predicament that they are relatively few in number and that even executives in their subsidiary firms might welcome a reform.

If a reforming government tried to convert existing firms into self-governing associations, what would that involve? Firstly, making management accountable to the relevant interests represented on a supervisory board of a company—let us assume that shareholders, employees and community interests have equal importance and that they should each elect one-third of the board. Secondly, creating a single membership status—all permanent employees to have the same rights and conditions of service, from the managing director to the lavatory attendant. Let us assume that inequalities in income will be flattened, to create a ratio of no more than 1.8. Thirdly, instituting a comprehensive system of co-determination, participation and consultation at all levels within the firm.

This is not so radical as it might appear. West German firms have comprehensive industrial democracy and co-determination measures, while many Japanese firms have single employee status, and in the period of most dramatic Japanese growth many companies had very low salary differentials.

Measures likely to be unpopular with influential people need to be practical. How could these changes be applied to big conglomerate firms? While many aspects of industrial concentration may be economically unnecessary, there are many cases where large-scale organisations are essential. How can these organisations be effectively run by democratic methods? The simple answer to this is that if we believe states can be made democratically accountable to their citizens to some significant degree, then companies surely can. But let us accept that the structure and operations of a complex company may be difficult to understand and therefore difficult for representatives to govern. There are then two answers: unscrambling into their component parts those companies where size has little economic logic and creating different organisational structures for those companies where large-scale operations are necessary.

Firstly, large size can be attained by partnerships of semi-autonomous sub-units: firms that share work and contract one with another; firms that subscribe to marketing networks; firms that create collective bodies to represent their common interests or to provide common services such as training. These links can be by inter-firm co-operation alone or through linkage with and co-ordination by public bodies. In such cases firms enjoy all the advantages of scale, without the participating units becoming too large or complex to be democratically governable. These relationships are already common in the most successful regions of the Western industrial economies and, far from being pie-in-the-sky, are widely identified as a key source of industrial efficiency, as many contributors argue in my edited collection (with Jonathan Zeitlin), Reversing Industrial Decline.

Secondly, large firms can be stripped down to a ‘core’ of absolutely necessary activities that must be under direct control. Such a core might well be strategic management, research and development, and some crucial manufacturing operations. To get down to this core firms would follow a strategy of ‘internal’ privatisation; sub-contracting non-core activities to co-operatives, promoting labour/capital partnerships and management-worker buy-outs of peripheral activities. For labour-intensive core activities the firm would contract with a labour co-operative on a fixed term deal. The result would be an economy of modestly sized units, capable of operating in combination on a very large scale. None of them would justify vast differentials of income, since firms would be smaller than the conglomerates of today and their internal hierarchies would be flatter. The overpaid top managers could be bought out as their positions were abolished by reorganisation.

Such a process of turning firms into associations and stripping them down by internal privatisation would create an economy based on manageably sized and internally accountable units. It would offer an end to the servile state, in which most people earn their living as employees without either a stake in or a measure of control over their
workplace. It would also create a genuine 'enterprise society' in which there would be scope for individual initiative and responsibility. As Figgis argued persuasively, it is difficult for individuals to pursue freedom except by freely associating with others. In an enterprise society based on self-governing associations, individuals have both opportunities for choice and the power to make those choices stick. Such a society permits a wide range of competing associations, and therefore choice based on genuine pluralism, and all the advantages of large scale where necessary, without unaccountable hierarchy. Through associations, such a society offers to its citizens unparalleled opportunities for individualization and freedom.

I have tried to indicate the ways in which an economy of self-governing associations would be possible and defendable against the hostility of management. But what about the unions? Surely, they have as much to fear from the growth of self-government at work? What would be the place of unions in such a scheme? The answer is: stronger certainly than in either state socialism or corporate capitalism, and more constructive than in either of them.

In an economy of self-governing associations the majority of workers would still receive the main part of their income in wages. There would be a positive right to strike, but the combination of internal self-government in firms and the unions' participation in comprehensive measures of collective wage determination would be designed to make strikes measures of last resort.

The system of self-government in firms would be based on free votes of individual employees rather than through the union branches, thus maintaining the unions' independence and also preventing them from taking control of firms' internal decision-making procedures. Unions would therefore remain voluntary bodies to which individual workers could choose to subscribe. Like every other association they would be required to meet minimum legal standards of democratic self-governance. They would have the power to enforce fair contracts for employees; firms could not create 'labour rackets' under the cover of self-government.

In an associational welfare system the unions could greatly extend their role as providers of welfare and other services compared with their position today. Unions would potentially control very large funds to use for the benefit of their members. They would also contribute to training policy through co-determination machinery and control training funds and offer training themselves.

Unions would not, however, directly organise or own production (such activities would be ultra vires under associational law). Thus associationalism would be quite unlike syndicalism. Workers would be free not to join unions and the self-government procedures of firms would be independent of the unions. Workers, therefore, would not be compelled to be part of a rigid corporatist structure, and unions would have to win and keep members to ensure influence. Workers would have the union to protect them if for some reason a firm became riven by factional strife or dominated by a management clique. They would also have unions to ensure that their job rates, skill classifications and training were protected. Unions would have an interest in and would help to maintain labour mobility and, therefore, the liberty of the worker.

Because it can be adapted to large-scale industry and permits a complex division of labour, associationalism is one of the few 19th century social doctrines that remains fully relevant today. It combines liberty with effective management, and decentralisation and self-action with professionalism and efficiency. It offers a radically greater range of choice than most other social doctrines: greater consumer choice than state socialism and more real choice for the worker than corporate capitalism. Associationalism also allows diverse groups to choose their own form of social organisation: it offers possibilities of self-action to religious and other groups as well as to socialists. Because it avoids the authoritarianism of a socialist society fit only for dogmatic socialists, associationalism may appeal to enough groups in society for them to tolerate it and work along with it. It is the only socialist doctrine of which this can credibly be said, and therefore it is, in the long run, the only practical socialism.

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In the rush to 'microeconomic reform' the public sector is undergoing a seachange. The role of public enterprises is up for grabs. Here Ian Rogers says farewell to the state banks of yore, but Steve Rix argues that making the public sector more efficient isn't enough.

STATE OF SHOCK

Ian Rogers argues that, following the disasters in Victoria and South Australia, the days of the state banks may be almost over.

One state bank has disappeared. Another has suffered astronomical losses, others are struggling with poor profits. Governments are reluctant to inject new capital to cover the damage. Do we really require state banks any more?

Australia's savings crisis has eroded confidence in an array of lesser rated financial institutions. Poorly supervised non-bank financial institutions collapsed, such as the Farrow group of building societies and the OST Friendly Society.

The biggest catastrophe was the collapse of the country's fifth largest bank—the State Bank of Victoria—in August 1990. Over the following months, state governments discovered the huge loss at the State Bank of South Australia, and confirmation of hard times at the R&I Bank in Western Australia, the State Bank of NSW, and of the Tasmania Bank. We have to ask: what are state banks for?

Established in the pre-war period, state banks had a dual role: to overcome the perceived hostility of the establishment banks to the aspirations for state-controlled development and to channel capital to housing and small business. After some trauma in the Depression years, the
state banks gathered consumer confidence, built a healthy share of the retail market, and dozed along as part of the easy oligopoly with the major banks. The state banks carved out a solid, sometimes large, share of deposits in their home states and built a solid loans book weighted towards home loans. Whatever the state bank's success in this area, their role changed radically in the last dozen years.

The realignment began with the NSW Labor government's decision to restructure the then Rural Bank of NSW as the State Bank of NSW and to begin reorienting this rural/small commercial bank towards main street, retail banking in the cities and a more aggressive approach to lending under the direction of Nick Whitlam.

The new strategy helped the State Bank of NSW to tap the relatively cheap deposit base which sustains the major banks, and ultimately led to the bust up with the Commonwealth Bank and the abolition of the "savings bank" agreement in 1987. (This agreement followed the Commonwealth Bank's rescue of the then Savings Bank of NSW in 1929. The agreement prevented the NSW bank from operating in the savings bank area, while the Commonwealth Bank was obliged to pay half its savings bank profits in NSW to the Rural Bank.)

The Campbell inquiry into Australia's financial system signalled the beginning of dramatic changes to Australia's financial system, with deregulation finally introduced by the federal Labor government from 1983-85. With the major banks gearing up for deregulation, and with foreign banks soon to open, the management of state banks, and their state government owners moved to revamp their banks to keep them competitive in the new environment. Thus South Australia merged its state-owned savings and State Bank to create the beast that Timothy Marcus Clark, in conjunction with the Adelaide establishment, dragged to its knees.

The State Bank of South Australia bought finance companies, stockbrokers, merchant banks and even a New Zealand building society in its quest for greatness. State Bank Victoria acquired Tricontinental merchant bank with its independent board and ambitious managing director who, over five years, lumbered the government of Victoria with $3.5 billion in bad debts. Western Australia revamped its Rural and Industries Bank, saddled it with an insolvent credit union, brought in private equity capital and set it loose on the world.

The state banks of NSW, Victoria, South Australia and Western Australia then fell over each other to mix it in the big time, opening offices or branches across South East Asia, Europe and North America. Lending boomed, with most of the asset growth coming from corporate transactions, steering the banks away from their residential base, while any slack in deposit growth was overcome by raising expensive, short-term deposits offshore.

Tasmania didn't have a state bank until 1987 when the Liberal government of Robin Gray bullied the Launceston Bank for Savings (a trustee bank, a beast peculiar to Tas-
mania, rather like a building society without any shareholders, only a bank and federally regulated) into a merger with the Launceston-based Tasmanian Permanent Building Society. The Hobart-based Savings Bank of Tasmania (another trustee bank) which had the sense to keep clear of the merger last month moved to take over the Tasmania Bank, with the government ploughing the purchase price back in as new capital, while Paul Keating offered a little largesse in the form of paying back some state debt. Gray recruited a former deputy managing director of the State Bank of NSW to head up the new Tasmania Bank, who promptly dragged the Tasmania Bank into syndicated lending, picking up small slices of big time corporate loans originated by his former mates in Sydney. Tasmania’s losses may have been small by comparison, but still regrettable compared with the largely unblemished record of the two institutions which merged to make up the bank.

Queensland, so far, has escaped the ignominy of a “state bank”. The Bank of Queensland, although 45% owned by the Queensland government, is really a private bank, and relatively unimportant, even in the Queensland banking market. However, the government of Queensland owns the Suncorp Building Society, part of the Suncorp insurance group. So far, Suncorp has stuck to its core business. The 1990 savings crisis helped Queensland Premier Wayne Goss get cold feet over his pledge to create a state bank.

In 1991 the position of the state banks is not a very encouraging one. They have lost some of the confidence critical to the fabric of the financial system and may have destroyed whatever role they could fulfil. Perhaps the state banks provide the only real competition to the oligopoly of the four majors. This is the principal argument advanced by State Bank of NSW managing director John O’Neill, citing the poor record of the foreign banks since they opened for business in 1985 and 1986.

Alas, John, that simply isn’t true. Some foreign banks have been a success; even in the difficult retail market the major banks have worked so hard to protect. Citibank, Barclays, Chase AMP and National Mutual Royal Bank (now owned by ANZ) all made inroads into different niches of the banking market where many middle class and some not so middle class customers stood to gain from their entry. One of the benefits of foreign bank entry was to impose a degree of honesty in the structure and marketing of bank products to household savers.

With the entry of foreign banks, John O’Neill and all the rest were forced to state accurately the true yield on deposits instead of simple interest rates, to pay higher (if not high enough) interest rates on smaller accounts and follow the foreign banks in the move toward the calculation of daily interest. State banks played no part in any of these innovations—for years they had joined in the con trick on bank customers with the major banks. The truth is that building societies and credit unions have provided more competition in retail financial services than the state banks ever did. Perhaps lending activities offer a special role for state banks?

John Bannon seems to think he can save the State Bank of South Australia by retreating to its home base and focusing on smaller loan accounts, mainly housing, personal loans and some business lending. Sadly, John Bannon and the other state banks which are trying to do much the same thing have a problem.

Westpac, and all the major banks, think housing lending is just the go for the 1990s—or the next few years at least. With fewer bankable business loans to consider in the trough of a recession, the housing market is one of the few solid areas of growth. Because they stayed from their core business seven years ago, state banks may have destroyed whatever special franchise they once had in home building. More seriously, the savings crisis may have undermined the public’s confidence in the state banks as deposit taking institutions. The mini runs on the Bank of Melbourne, Metway Bank, Tasmania Bank and the State Bank of South Australia demonstrate considerable nervousness about the home of household savings.

Despite the Reserve Bank’s obligation to protect the interest of depositors (note carefully: deposits are not guaranteed), all banks aren’t the same. In “a flight to quality”, meaning safety, over the last half of 1990, deposits poured into the four major banks. Thus if the state banks lose their special capacity to raise cheaper deposits as “government guarantees” turn into amusing works of fiction, the state banks will have to compete with every other deposit-taking institution, offering higher rates to compensate for the perception of increased risk. That penalty on deposits wipes out the advantage the state banks may have had in cost of funds, and so wipes out any advantage they may have had on offering slightly cheaper mortgages.

Goodbye socially useful housing lending. Even if state banks could find a niche in housing lending and regain the confidence of depositors, it is perhaps time to acknowledge state governments shouldn’t waste their time, or at any rate new capital, by encouraging the state banks in that area. This isn’t because state governments shouldn’t help leverage people into housing: they should. It’s just that state governments in the last few years have discovered a much smarter means of doing so.

A little noticed development in housing finance over the last five years is that state governments have developed exciting alternatives for getting low income earners into private housing with private finance. For example, the NSW government-run Home Fund is the sixth largest lender for housing in Australia, outgunned by only the four major banks and the St George Building Society, and that gap is closing fast.

Thanks to the initiative of NSW Housing Minister Frank Walker in the mid-80s and with the work of bright bureaucrats in the Housing Department, the NSW government plans to lend $1.5 billion to moderate and low income earners in 1990-91. The money is raised from professional investors (superannuation funds, life offices and the like) using a technique known as ‘securitisation’ by a part government-owned outfit called Fanmac which then lends
the money through Co-operative Housing Societies under terms and conditions set by the government.

The loans typically have fixed interest rates for an extended period, low deposit and low repayments over the early years of the loan. The objective has been to maximise borrowing power for low-income earners, using the credit support of the state and a minimum of on-budget subsidies to get borrowers into private housing. Although the scheme has some drawbacks, they typically allow marginal and low-income earners to borrow roughly twice as much as they could from a conventional bank loan and offer the certainty of repayment over the first ten years of the loan, eliminating the effects of changes in interest rates.

Other states have run similar programs, although on a smaller scale than NSW and with somewhat different conditions. Victoria, which has been lending $300 million a year under a different scheme, late last year adopted the NSW model and expects to lend $750 million in 1991.

With low income borrowers better serviced by these schemes, there isn't much of a social role in housing finance left for the state banks, dependent on short term deposits and hostage to fluctuations in interest rates. Perhaps, then, state banks have a role in venture capital, or providing finance for new and small business ventures, an area of the Australian capital market which is hopelessly underdeveloped.

However, venture capital is also very hard work and very risky, as recent experience once again shows. Any deposit taking institution that becomes too heavily involved lending in this area risks losing depositor support and probably doesn't deserve the title 'bank'.

Should the state banks be sold? The Commonwealth Bank has already snapped up the sanitised portion of State Bank Victoria for a bargain $1.6 billion (remember it bought NSW's first attempt at a state bank in 1929). The merger of the Commonwealth Bank with all the state banks has periodically been canvassed in Left circles in recent years, mainly as a way of ensuring the existence of a viable, strongly capitalised government owned bank. Last year's policy failure that allowed the federal government to announce the partial privatisation of the Commonwealth Bank without any examination of the merits—and particularly the finances—of that proposal rules out the prospect of friendly mergers with state-owned banks for the time being. An independent merger of all the state banks is also unlikely. Parochial considerations and the problem of the 'sovereign' guarantees make that unviable.

This leaves an expansion into other financial services as about the only area left for the state banks to participate in. A more broadly-based state government-owned financial services company would potentially have a stronger capital base and greater customer confidence. One solution to the dilemma of state banks may be to merge with state government's state insurance offices. The trend in other industrial economies is for bank and insurance companies either to merge or to compete in each other's traditional market.

As a result of the treasurer's repudiation of the ANZ-National Mutual Life merger last year, grand alliances of established providers of financial services fall outside current policy. However, state governments could easily merge their state banks and state insurers. This would create state-owned financial companies that were in touch with the evolution of the financial marketplace, as the build-up in industry superannuation and changes in retirement benefit policies channel savings away from the traditional banking sector. It might also produce state bank/insurers with the financial strength and the will to begin investing in the longer term projects of which orthodox institutions remain wary.

The NSW government-owned GIO Australia is courting a building society in Western Australia, has aggressively moved into other state insurance markets, and has publicly declared its desire "to be privatised as a bank". Victoria is attempting to privatise its State Insurance Office to help cover the Tricontinental debt. The Queensland government insurance office, Suncorp, already owns a building society. State governments and their banks had better be quick: they have nowhere else to go.

IAN ROGERS recently left the Australian Financial Review to join the electorate staff of Senator Bruce Childs.
For Steve Rix, the much-vaunted trend to corporatisation isn’t all it’s cracked up to be.

Since NSW Premier Greiner first announced a policy of “corporatisation”, it has become clear that the notion embodies a radically conservative re-articulation of the relationship between an elected legislature (and the government) and the goals, methods and management of statutory authorities. Nationally, the Industry Commission has provided a forum for demands for similar changes of other states.

Corporatisation means, in its simplest terms, the application of private sector forms and methods to statutory authorities, including the application of securities legislation to issues of accountability.

Greiner maintains that a private sector corporate structure is appropriate for statutory authorities because the responsible minister and the treasurer will become shareholders of a company which operates, as he has expressed it, “under the ordinary laws of commerce”. This is a disturbing development. It implies that governments own statutory authorities and, as the owners, they have the right to abrogate their responsibility to manage them. And further, that it is the appointed managers’ right to withhold information from the shareholders and, ultimately, from the citizens.

Bob Walker, Professor of Accounting at the University of NSW, has noted that the “ordinary laws of commerce” would permit the formation of exempt proprietary companies which do not have to publish any financial information. It is impossible to square this feature of corporatisation with the touted aim of increased accountability. For instance, the recent history of Australian corporate structures and the degree to which shareholders have been protected illustrates that there is no inevitability of shareholders being kept “fully informed of developments”. Moreover, one can only respond with incredulity to the concept of shareholder democracy given the experience of small shareholders in the October 1987 sharemarket crash and in the recent spate of corporate debacles.

It is not just Professor Walker who has difficulty with Premier Greiner’s approach. The Western Australian Burt Commission, set up to investigate WA Inc, concluded:

The Commission is of the opinion that there is a fundamental difference between the ideas of accountability and of public scrutiny when applied to the investment decisions of individuals, partnerships and companies incorporated under the Companies Code on the one hand, and the investment activities of government agencies on the other.

So far, most statutory authorities have been subject to the Public Finance and Audit Acts, or their equivalent. The corporatised authorities in NSW have been specifically exempted from that state’s Act.

It is important in this context to understand that a statutory authority is a body established under its own legislation; a government department is established by administrative decision.

The actual form that a statutory authority can take varies. Qantas is a company, the Reserve Bank is not; Telecom is a statutory authority created by the Whitlam government from the old Postmaster General’s Department, as is Australia Post; the NSW Government Insurance Office runs the operations of a number of failed private insurers, and the old Department of Main Roads was, in fact, a statutory authority; the electricity commissions are statutory authorities, the NSW Elcom having taken over electricity generation from local government; the state railways and private companies, and the country councils are statutory authorities even though (up to the present) their boards have been made up of local government representatives. The Industry Commission is a statutory authority created out of the Industries Assistance Commission, which was the Whitlam government’s replacement for the Tariff Board.
Statutory authorities can be created or destroyed for various reasons. In Australia, they have tended to be created in order to distance their operations from the “interference” of government. One thing, however, has remained constant: the understanding that statutory authorities are owned, not by governments, but by the citizens. The change in orientation that Greiner has initiated radically changes the nexus between citizens, governments and public sector institutions and assets. In effect, it reduces the accountability of governments to citizens for their management of the citizens’ property.

While historically the labour movement has been opposed to attempts by governments to remove public sector institutions and assets from political control, the issue has now become one of degree. Statutory authorities were traditionally seen as one step removed from direct political control; the danger now is that corporatised authorities will be able to take themselves totally out of the political arena.

In developing an appropriate political response to current developments, however, it is important to understand that government departments in Britain and Australia did not precede statutory authorities. Ministerial departments were initially created to supervise the operations of statutory authorities. Statutory authorities and departments were themselves created in order to protect governments from the financial excesses, and citizens from the human depredations of contractors, including in the area of prison control.

Rather than making blanket prescriptions of government “interference”, the labour movement’s experience of statutory authorities indicates that ultimate political control is necessary. Without this ultimate control, for instance, the provision of a safe and reliable electricity service to the bulk of the Australian population would not have occurred with the rapidity we have enjoyed. This does not mean that governments should be involved in each and every decision of the authorities; nor are governments intimately involved in each and every decision of departments.

Another interesting feature of privatisation in the United Kingdom is that the government has found it necessary to retain ultimate political control via the holding of “golden shares” which give it majority shareholding power in the event of a “crisis” (as defined by the government).

On the national front, the Industry Commission has produced two reports which have recommended corporatisation as a second best alternative to privatisation—the Government (Non-Tax) Charges and the draft Energy Generation and Distribution reports. In making this recommendation, it has failed completely to take these historical and political realities into account. Nor have they taken into account recent findings on the relative efficiency of private and public sector institutions and management methods. For instance, a recent paper produced by the Economic Planning and Advisory Council (EPAC) concluded that international comparisons between Australian and overseas organisations (some of which are privately owned and operated) are difficult—due partly to measurement differences and partly to institutional differences—and that the differences in measures efficiency may be due to this factor.

Nevertheless, it concluded that “the possibility of flaws in international comparisons does not establish the contrary proposition that electricity generation in Australia involves world best levels of productivity” (EPAC Paper No. 44, The Size and Efficiency of the Public Sector, p.90).

The foregoing comments should not be taken as justifying a maintenance of the status quo in public administration. Neither has the labour movement rejected out of hand that significant amendment to the “way things are done” in the public sector is necessary. Three Evatt Foundation publications have all suggested ways in which the public sector could be made more accountable and efficient.

What has been suggested, however, is that without a precise understanding of the ultimate ownership of public sector institutions and assets, programs such as corporatisation threaten the right of the ultimate owners (the citizens) to participate in decision-making about their goals and operations. This would be a step back from the political gains made by progressives over many decades.

STEVE RIX is currently working on a project on electricity generation for the Public Sector Research Centre at the University of NSW.
To many, the rights or wrongs of the Gulf War seemed a straightforward issue. To others, the war was fraught with moral dilemmas. ALR brought together federal Minister for Administrative Services Nick Bolkus and Democrats' leader Janet Powell to debate the issues. The discussion was conducted in Canberra in February.

Senator Powell, do you think there is a role for force in international affairs?

JANET: Yes, and the position I've taken on the Gulf War doesn't rule that out. This is a decision about this particular issue and this particular situation at this particular time.

So why wasn't force appropriate at this particular time?

JANET: We supported the original UN resolution condemning Saddam Hussein for annexing Kuwait and calling on him to pull out. We understood in supporting that that the sanctions regime was not going to be a short-term solution, that it would take time. And we believed that the UN monitoring committee that was set up under that resolution was the appropriate body to make further suggestions as far as the maintenance of sanctions was concerned. We also always understood that the diplomacy aspect of the sanctions was something which, although it would begin at the same time as the sanctions, could not be expected to bite in the short term.

In terms of time frames, international expert opinion would always have suggested to us at least a year, if not longer - particularly as the resources of Kuwait were still available to the Iraqis after the invasion had taken place. We believed this wasn't a position which should be made politically, but on the basis of the diplomatic and expert advice about the sanctions. We saw the war decision as being made very early, and sanctions as not being properly supported by the international community, and particularly not by the US.

Senator Bolkus, why do you think force had to be used on 16 January?

NICK: I think the first point is that armed struggle is not alien to the Left in Australia: this is something I've said consistently. So you've got to decide whether in these circumstances the use of arms is justified. I'm one of those who felt that sanctions were not going to work in this particular instance, and I think the date set by the UN recognised that they would have to work within a certain period. Not in terms crippling Saddam Hussein and his military strength, but in terms of putting pressure on him internationally to step back. I think in this instance we were faced at the end of last year with a number of reasons why sanctions were not going to be effective. One: sanctions
gave Saddam time, and that gave him the ability to strengthen his armoury in terms of possibly nuclear and certainly other weapons. That was very much within his capacity. Two: we have always misread - and I think Janet misreads - the Middle East situation, and the people of the Middle East. They love to suffer for their politics. Sanctions on Iraq would have meant that in 12 months' time the people there would have perhaps been hungrier, but also more resolved and more bitter and more resolute. Particularly given the information they would be receiving on which to base their views.

So, firstly, he could strengthen his armoury; secondly, sanctions could simply have stiffened resolve. Thirdly, over time the alliance would have become more fragile. Saddam would have found—as he had found in the past—people to supply him and re-equip him. I think after 12 months you would have found Saddam, given more time, in a stronger position. At the end of which you would have found that the will of the world community could not be implemented without greater bloodshed. What would Janet do in 12 months' time to implement the UN resolutions against a stronger foe with a more brittle alliance.

JANET: I'd first challenge the assumption that he would be stronger. I'm not surprised that you make that assumption as a person who avowedly continues to believe that sanctions wouldn't work. It's that mindset that's led us into this. It seems to me totally unsupportable to suggest that sanctions universally applied and supported over a period of time could not lead to a situation in which a nation such as Iraq could strengthen itself, in terms of arms and its ability to wage war. Let's not forget Hussein's massive capacity has been brought in; he's been sold it by those who now see him as the enemy. He doesn't have the military-industrial complex that the German nation, for instance, had in the 30s and 40s. It's quite a different situation. Whether or not there was sufficient technological and scientific capacity to develop the nuclear option is something that's never been proven. In fact, there's a great deal of international opinion that it is at least three to five years away, in spite of George Bush saying he could have it in 12 months.
NICK: We’ve always known that once you have the fuel then it doesn’t take that much to develop a bomb; that’s been one of the arguments we’ve used to oppose the mining of uranium. I don’t think we can take that position and then say he’s five years off doing it. Saddam has been close to it for some time. His capacity in chemical and biological warfare is frightening, and with those sorts of resources you don’t need much of a trigger.

JANET: When you use that as a justification for this war and you claim to be fighting it under Resolution 678 then you’ve got a problem, because that resolution says get him out of Kuwait full stop. Now if you’re saying there’s still this nuclear capacity which we genuinely believe could turn into a bomb in 12 months, this war is doing nothing about it.

Do you think the option is beyond just getting out of Kuwait, extending to destruction of Iraq’s capacity? Do you see that as one of the objectives?

NICK: I think the objective of the Left in the federal parliamentary party is adherence to Resolution 678 and other resolutions. For instance, we have Resolution 660, which calls for the removal of Iraq’s troops to where they were on 1 August. And this then goes back to some of the things that concern me about the war. The authority of the UN is important in all this. To me it can’t implement its resolutions — and there’s been a dozen of them — in this particular circumstance, when you’ve got most of the countries of the world supporting them and over 40 countries involved in the Gulf. If they can’t do that, then you can write off two things: any chance of implementing resolutions in the future and secondly of involvement in future issues like Cambodia or the Middle East. I’m not saying we’ll get a new world order out of this particular situation but unless the UN can have some authority — can come out on top — then you won’t be able to get a resolution on the Middle East. In amongst that I think there’s got to be a recognition of the amorality of arms dealers, and how they supply the region has to be addressed. You have to look at the reduction of conventional and other arms to that region. The only way you can do that is through the UN.

It has had some major successes in the reduction of nuclear capacity; we’ve got to move on the conventional.

Does failure to take military action undermine the UN?

JANET: This is where we disagree. The premise that the important factor in all this is the authority of the UN is one that we share; it’s just a question of how you view what’s happened. One of the things that’s been conveniently forgotten is the usurping — and I put as strongly as that — of the UN’s role, power and future began very early in the piece with the movement of military machinery before the UN called for it. It was not the kind of machinery to police the sanctions or [to act] as a containment force.

It was at that stage that I began to object to the process and I still do. I think there is evidence all the way that the subsequent motions, in particular 678, were responsive. The free vote that the first two resolutions represent — 660 and 661 — was no longer in operation.

NICK: You’ve got so many countries in the world. You and I start from the same premise in terms of international politics — and I have probably been accused of being more anti-American than most people in the parliament — but there is an up side and a down side for the States in all this. You’re saying they’ve driven it too hard and too fast; I’ll say some of those countries you can’t drive. France, Italy, Spain, countries of the non-aligned movement, Arab countries and so on. Some of them got leverage out of it, but others have been stubbornly independent and taken their own line. Now they’ve all come to a position with us and the US to say that the Security Council resolutions have been overwhelmingly endorsed in an unprecedented way. I missed out the USSR. But the trap now for the US is that having played such a dominant role their authority still has to rely on world opinion, other countries to go along with it. The USSR’s peace initiative is an indication that the US can’t control the agenda.

JANET: The United States moved quite visibly, quite openly and quite out of proportion to what was necessary in terms of policing or containment and set up this loss-of-
face situation which now exists on both sides and which made it inevitable that armed conflict would break out.

NICK: Let's acknowledge that it's post-Cold War and the UN has an emerging role to play and should be playing it. So in this particular instance the progression of resolution — intensifying the degree of commitment to doing something about this — should not be ignored or written off as a US resolution.

JANET: They got more and more watered down. If we're talking about resolutions, 678 is an interpretable resolution and that is the clearest evidence of the change between 660/661 and 678. The rest are just urging. But it's couched in language which is open to interpretation.

NICK: But it's been interpreted by 40 countries that are actively involved and interpreted by another hundred as endorsing the action. Let's not ignore that or isolate ourselves in an anti-American position.

JANET: The UN resolution process has been propelled by what I presume to be a pre-emptive and overarching military push by the United States to where you end up having a face-saving problem. On the one side Perez de Cuellar has told us of not understanding the psyche of people in that area, and on the other side, the coalition side, the claim that if we didn't proceed we were rewarding Hussein. That was set up on both sides. In the first place not to go to armed conflict was difficult and now it is very difficult to extricate the coalition from. I don't believe that a great deal of the decision-making that you're saying is universal or unanimous is really pushed forward by the same sort of longer-term approach which was evident in 660 and 661. It's become a much more short-term exercise and a much more self-interested exercise than it was back then, and it was generated by the very early decision by the United States for it to be a military conflict.

NICK: I take the view that the hypocrisy of others shouldn't dictate the way we go. To be consistent with our past beliefs and what we'll want to do when there's an incursion on the autonomy of nations and people, armed struggle is within our capacity and has been recognised as such from the opening days of the United Nations. In this particular instance I think some people underestimate Hussein and the capacity he has. I don't think sanctions could work. It is important out of all of this to have a full agenda which places in the UN as a body of authority the role to resolve international conflict and which addresses the Middle East situation — in terms of disputes and supply of arms — and which leads to peace, a just and stable one.

You then believe that in the event of some other country invading a small neighbour, equivalent force would be used again to retain the status quo.

NICK: It's all relative. I'm one of those who for years argued against Indonesian activities in East Timor and part of the Left which adopted a position on, say, the Philippines or Fiji. I think what we need in the future is a mechanism whereby the UN has the capacity to resolve conflict. Force, though distasteful and for last resort, has been — and will continue to be — recognised as legitimate.

JANET: In this case I'm arguing that it was not the last resort, that we hadn't reached that stage. I don't disagree that the UN within its charter can use force but to me the new world order should rest, and I believe we had the opportunity to make it rest, on very much a last resort for force, a bringing together of the nations of the world looking at alternative means for resolution of these conflicts. I really despair for the future; if next time we're not going to give it a much better opportunity than we did in the Middle East.

NICK: I think the challenge for the Left is to get out of the rhetoric of the Cold War, to acknowledge that the international arena's changed in the last few years and that we have to address it in a much more sophisticated and non-knee jerk way than we have in the past and to do what we've always believed in. That is to use the mechanism of the United Nations and other more sophisticated things like treaties on reductions in conventional arms and apply those concepts as far as we can and in particular in this region.
The fit body, rather than the slim body, marked the eighties' feminine ideal. For Annette Corrigan, the women's fitness boom evokes mixed feelings.

In the past, the idea of Australian women in sport has usually meant women sitting on the sidelines and cheering, running the canteen or making the uniforms for the weekend fixtures. Lack of opportunities, resources, support and visibility for women has created a picture of sporting participation in this country as largely a male activity.

However, some degree of social change has taken place in the last two decades. Just as women have moved into a whole range of public and male-dominated spheres in the wake of second-wave feminism, they have also entered the gymnasium, run onto the tracks, fields and courts, dived into the pools and started 'working out'. Increased opportunities for women to play sport and become physically active have, to some extent, eradicated beliefs that women are physically weak and incapable of strenuous activity and athletic achievement.

Even so, equality is far from attained. Recent government reports revealed that women's sport receives only 5% of the media coverage given to men's sport and only one-tenth of the sponsorship money. With figures like this, women's sporting gains seem like a drop in the ocean compared with how far there is to go. And while professional sporting women are hampered by lack of resources and support for their careers, many average women are still dogged by the lack of time, finance, childcare and transport which have always confined women's activities to the home. In many ways it is still a minority of women who have the privilege of experiencing the physical and psychological benefits of regular exercise.

Furthermore, despite some hard-won gains, women have still not escaped the kinds of pressures which feminists have argued are fundamental to women's unequal and unfair treatment in society. That is, female athletes are still subject to pressures to display acceptable markers of their femininity as they participate in sport, or to take up physical activity in ways that will enhance their sexual attractiveness.

Nowhere is this better exemplified than in media representations of female athletes. Take, for example, Lisa Curry. She's a jolly good swimmer all right but we must also be constantly reminded that she has the qualifications of a real woman. She's a mum, indeed she's a supermum! Jane Fleming. Now there's an athlete! What a runner, jumper and thrower she is! Yes, but isn't she sexy while she's doing it? Appearing in skimpy two-piece outfits that emphasise her strong shapely legs and firm buttocks, small hips and waist and well-defined shoulders and arms. Michelle Baumgartner. She recently complained that if she didn't fix her hair or do her nails before appearing on the track, criticisms of her appearance would
dominate the media coverage of her athletic performances.

Is this kind of media treatment harmful? Is it perhaps even a bonus for these athletes as it increases their profiles and gives them something to be noted for? Or could it be that this kind of consistent reference to the sexuality of female athletes is symptomatic of a certain cultural anxiety which ensues when women encroach on territory that was once the preserve of men only?

The latter suggestion would seem to be supported if we look at female athletes who have quite radically challenged or transgressed traditional gender boundaries through sport. Such women have been subject to discrimination, harassment and invasion of their privacy. For instance, powerlifter and athlete-turned-bodybuilder Bev Francis has endured such treatment for daring to make herself as powerful and strong as she could be. Although this was her aim, her womanhood was called into question when on one occasion she was deemed too ‘masculine’ to compete against other women bodybuilders. Clearly Bev had gone too far. The underlying message in such a decision was that no real woman could ever make herself look like that and no real woman would ever shun respectable or acceptable femininity as completely as she did.

Similar assumptions operate in the case of female Olympic athletes who have had to undergo hormonal tests to prove they are truly women and not some testosterone-tainted mutants. Why is it that if women go ‘too far’ in their sport, then they have to prove who they really are? No comparable tests requiring male athletes to prove their masculinity have been imposed upon men. Could this double standard indicate that while sportsmen are considered normal, sportswomen are still some species of deviants?

Highlighting women’s sexuality and using it to evaluate them as athletes is a discriminatory practice. In the cases of athletes like Curry and Flemming who meet acceptable standards of femininity, such a practice functions as reassurance that even though women are playing sports—something we have for so long understood as masculine activities—they are still women after all. In the cases of athletes like Bev Francis and other women bodybuilders whose radical body transformations frequently evoke alarm and horror, the cultural investments in maintaining gender boundaries through appearance are even more noticeable.

If these are the cultural dynamics that affect professional female athletes in the spotlight, how might they affect ordinary, everyday girls who just want to have some fun, enjoy some exercise and feel all the better for it? Well, not only are many of these girls off to the gym but they are going there decked out in colour co-ordinated, form-hugging lycra tights and leotards, accessorised with matching head and wrist bands and often with a made-up face to complete the glamorous look.

Some gyms even designate certain areas and machines for men or women only, with the women’s areas decorated, lit or designed to include some ‘feminine’ touches—plants, white machines, pink carpet and soft lighting. Such separation and differentiation can be very comforting for all parties as it reinstates sexual difference in a previously masculine environment which has been ‘invaded’ by women. However, the sexual differentiation of physical activity does not just end with appearances in the gym. Sport and exercise also mean different things for men and women.

Participation in sport and physical activity in many ways represents a positive step for women. Fit women are taking pleasure in their physical selves. They are enjoying the feelings of physical competence, of feeling alive and well, feeling energetic and having the resources to cope with stress. Going off to the gym to do something for themselves is quite a significant statement of autonomy and independence in light of women’s traditional role as the nurturers of others—particularly men and children. Moreover, increased opportunities for women to become fit and strong helps counter traditional images of women as weak and helpless.

Yet many women are also motivated to exercise by anxieties about their physical appearance. The desire to look slim and attractive is strong. They know if they look good, they feel good. However, it is often a hate and loathing rather than a love of their female bodies with their soft curves and fleshy bulges that drives women into the gyms. For some obsessive exercisers, missing a workout or gaining a kilogram can signal a personal and moral failure as they have been unable to maintain strict control over their bodies.

This type of evidence would seem to contradict the idea that engaging in physical activity has been a liberating experience for women. Perhaps they have broken free of one set of constraints only to be subject to a new set based on the idea that to be truly feminine is to be slim, fit, beautiful and sexy? Perhaps exercise has simply become another corset designed to shape women’s bodies so they look attractive for men?

Like their anorexic sisters, many exercising women are trying to lose weight, abolish fat and become smaller and leaner. Interestingly, men cite the opposite motivation for working out. Far from striving to diminish their bodies, many men use exercise to build muscles, make themselves bigger, to take up more space, to become powerful and strong, even imposing.

Some sportswomen are redefining their bodies and their femininity to include strength and muscularity, yet for most exercising women, acquiring visible muscle is carefully monitored to produce ‘tone’ and ‘definition’ rather than ‘bulk’ or ‘bulges’. The language is significant for it highlights the limits which surround women’s experimentation with something which has for so long signified a gender distinction.

Are women who push these limits abandoning their femininity and becoming surrogate men? Or are these women challenging the current limits of femininity and contributing to a redefinition of its meaning in our culture? Certainly anorexics and women bodybuilders are displaying bodies which do not conform to acceptable standards of what female bodies should look like. In this sense such women are not pursuing feminine ideals designed to please men. Perhaps the bodily obsessions of some exercising women can be interpreted similarly?

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Amongst Equals is no better or worse than Tom Zubrycki’s other films. His stream-of-consciousness approach hasn’t changed over the years, nor has his focus on the individual rather than the collective—the spectacle of events with no analysis of factors invisible to the camera. His moral indignation about the ACTU’s rejection of the film is not a publicity ploy—he genuinely feels he has right on his side. And herein lies the problem: Tom Zubrycki does not have a good understanding of the trade union movement or its members, and his approach does not lend itself to either collaborative filmmaking or a serious critical analysis of the development of unionism in Australia.

Unions above all else are about process, about issues, about collective decision-making. They are constantly changing organisms, responding to the economic and social conditions at the time. The issues of ten, 20 or 50 years ago are not the issues of today. Amongst Equals does not provide an understanding of this and as such is a disservice to and misrepresentation of the union movement. To quote from a union review of the film in the NSW Public Service Association’s Journal:

The ACTU only had to look at Zubrycki’s film on the SEQEB dispute, Friends and Enemies, to see he doesn’t have a high opinion of union officials.

And that, dare I say it, is what is missing from this film. There are no union officials, there are no union organisations, there is none of the bureaucratic slog of putting together a wage claim, or keeping membership records, or attending countless uneventful meetings, and so on.

Large slabs of the union movement are missing. The conservative unions are missing. The groupers are missing. The Laborites are missing prior to 1971. The politics are missing.

The events portrayed are undoubtedly bits of labour history, but that hasn’t made them a history of trade unions.

People viewing this film could not get a sense of what unions are, what they are doing, and how they are doing it.

This portrayal of unions may appeal to those who hark back to simpler days when confrontation was the only effective modus operandi and to the fringe dwellers of the union movement who have been unable to come to grips with the need to understand union issues in terms of Australia’s international competitiveness and who feel disenfranchised as a result. It will not appeal to those people whom the union movement desperately needs, the 57% of non-unionised workers, mostly either young, female or from non-English-speaking back-

grounds. The ACTU’s own research shows that these workers do not identify with, and in fact are repulsed by, the only image they get of trade unionism, the image pushed by both the mass media and Tom Zubrycki—male, blue collar and violent.

To name a few more of its shortcomings: the censorship of all rightwing union viewpoints; the negativity of the voiceover; the pedestrian chronological approach which does nothing to explain the dynamics of trade unionism; the concentration on the strikes and confrontations beloved of mainstream media; the incredible failure to cover the Accord or to come to grips with the complex issues which have dominated union concern for the last decade.

Tom Zubrycki explains much of this away by saying the film is not finished, that the cuts requested by the ACTU have ruined it. But the failures of the film are too many and begin with its very structure. These are not problems that can be laid at the feet of the ACTU.

There is no question about who is the legal holder of copyright in the case of Amongst Equals: the ACTU as the commissioning body is clearly the holder. Zubrycki, however, argues that the contribution of some cultural workers gives them a moral right of ownership over a commissioned film which transcends the commissioning organisation’s intellectual property rights. He’s again attempting to appropriate the moral high ground. The ACTU’s rejection of the film is presented as censorship, as an example of organised labour (in this case the ACTU) conspiring with government (in this case Film Australia) to victimise and silence the individual (in this case Tom Zubrycki). This theme—heroic struggle against institutionalised power in the name of truth—is seen in many of his films, as well as many a Hollywood blockbuster and many a Derryn Hinch exposé.

Tom has made much of his claim to be the originator of the idea. Leaving aside legal niceties such as the facts...
that you cannot hold copyright in an idea, only its physical expression, and that the same general idea had been floated on many occasions, we come to the more important notion that, to the degree that anyone can own it, surely history is owned by those who enacted it, in this case the members of the union movement and their democratically elected representatives.

As much as Tom Zubrycki might not like it, the ACTU does represent trade union members, in all their various and wondrous political positions. Tom Zubrycki, on the other hand, represents himself and possibly the brand of filmmakers who, with egos inflated by auteur theory, believe their personal interpretation of issues should override the interpretation of those actively involved in the issues.

It could be said that there is an unhealthy climate in the independent film scene whose members, having largely come from the student Left of the 60s and 70s and imbued with the slogans of that period, still believe their own political perspective is formed with a greater and truer understanding of the way things are and the way they should be. This view is untempered by the reality of living in a consensus democracy and refuses to recognise the validity of any system of accountability outside their peer group. There is an attitude that making cultural products in a collective situation is not only impossible but also unsound.

How then did this peculiarly Australian development of the auteur theory of filmmaking come about? Firstly, it is particularly evident among filmmakers trained by Australian Film, Television and Radio School who now commonly run media studies courses in other tertiary institutions.

Secondly, it has been fostered by the Australian Film Commission through a grant system which favours individual filmmakers by specifically excluding organisations. This system, in which the filmmaker's career is dependent not on developing an audience or a clientele, but rather on the approval of the clique which controls funding, has consistently, albeit tacitly, encouraged filmmakers in the belief that films are always the product of individual creative endeavour and that the needs of the audience or the client are irrelevant.

There are cultural workers, community arts practitioners, musicians, writers and other filmmakers who don't share this view and have managed to produce works which both satisfy the commissioning organisation and the cultural worker. To name a few examples involving unions: Elizabeth Knight's commissioned history of the Waterside Workers Federation, Wharfies, which successfully covers much of the same ground as Amongst Equals; there have been hundreds of projects by community artists working within the framework of the Art and Working Life Program; we ourselves have worked on a wide range of union projects without any of the problems Tom Zubrycki claims to have encountered.

Good film making is a collaborative process to which both the filmmaker
and the client bring pre-conceptions. The art lies in producing a product that reflects the viewpoint and needs of the client while using the filmmaker's talent to express diversity of opinion in a non-judgmental manner, allowing viewers to reach their own conclusions. This does not mean reducing a work to the lowest common denominator. It does mean producing works which express more than the limited viewpoint of the filmmaker.

Tom Zubrycki has accused the ACTU of wanting to turn the film into "a public relations exercise" meaning, presumably, that they were concerned with the film's impact on the public. The statement is more an illustration of the contempt which independent filmmakers have for the audience than a criticism of the ACTU.

But it does raise the issue of the ACTU's image. The ACTU and the union movement in general has a bad media image which must be addressed. Surveys conducted by the union movement have consistently shown that most union members are happy with their own union but believe everybody else's union is greedy, whatever. Their attitude to their own union is based on direct experience, their attitude to other unions is based on the mass media.

The union movement's past failure to come to grips with cultural issues and their reluctance to see cultural and media activities as an integral part of trade union activity has contributed to this problem. The union movement has failed to educate and politicise both its members and non-members about the value and role of trade unions. The production of this film was seen as an opportunity to present a broader view of the role of unionism, to raise the level of debate above the mass media's constant harping on strikes. It was particularly important that the film should reach those workers whom the union movement has largely failed to attract or understand—women, youth and migrants.

The ACTU, being inexperienced in the film medium, clearly believed that by employing Film Australia it was making a conservative but responsible decision that would achieve this objective. This inexperience also showed in the ACTU's early underestimation of the film's structural problems, problems that could not be dealt with by the subtraction or addition of images, which appears to be the manner in which disagreements were dealt with by both Tom Zubrycki and the ACTU.

Film Australia must share the blame. Unlike the ACTU, they are experienced in film production, and particularly films for clients. As project manager it was their responsibility to both monitor the progress of the film and ensure Tom Zubrycki was working to the brief. The film should never have got to the shooting stage until the issues of concern expressed by the ACTU had been addressed.

The ACTU is now developing a more sophisticated approach to marketing trade unions and their role. It is taking heed of its own market research and developing a concerted communication strategy which is specifically aimed at attracting non-unionised workers. Union structures are also being modified to ensure that these groups of workers are able to participate effectively.

Most unions now recognise that the most effective mechanism available to counter the constant mass media propaganda is the development of their own internal media. This will be dependent on the involvement of cultural workers who see their role as facilitating the expression of a range of viewpoints other than their own. If this can occur union media may provide the long awaited alternative to the mass media, a development which will be of great benefit to the broad Left.

**FREEZE FRAME**

Tom Zubrycki responds with a defence of his film and a broadside against the ACTU.

As Judy Adamson said in her introduction to Amongst Equals at the Australian Film Institute: "It's not a good time for truth in Australia." The public row over the film Amongst Equals has clearly demonstrated that organisations like the ACTU seem to be more concerned with their own self-image than with the principle of artistic integrity. Any comments on the film, especially any analysis of its content, must therefore be set in context with the history of its production and the issues raised by the ACTU's attempted suppression of it.

The story starts in 1986 at the time I was finishing the film on the SEQEB strike, Friends and Enemies. It occurred to me then that there was a strong demand for educational A/V materials on the history of the labour movement. Nobody had done this kind of 'birds-eye-view' before. It also seemed an obvious subject for prime time television. I was aware of good sources of archival film that would situate this history well in a cultural, political and economic context.

I approached the ACTU with no success, but was able to get the support of Film Australia who in turn obtained funds from the Australian Bicentennial Authority. It's at this point that the problems started. The ABA made a grant of $200,000 to the ACTU on condition that Film Australia act as the
The problem was that the copyright, along with the grant, went to the ACTU. This meant that the ACTU would have the final say on the content of the film. Officially (and legally) I had to answer to an ACTU-appointed committee comprising officials from different unions; a group that was supposedly "factionally balanced". Morally, however, I felt my responsibility was also to the potentially large television audience. The various agreements between the parties clearly stipulated that the film would be a "critical appraisal of the trade union movement in Australia suitable for a general audience on prime-time television". No provision was made for arbitration in case a dispute arose. In retrospect it was naive of me to believe that when it came to the final decisions, the committee would defer to my professional integrity.

For three months in 1987 I travelled around Australia consulting with labour historians and veterans of the movement, before eventually writing the script. The Melbourne-based committee was consulted, and with some minor changes the script was approved. Later that year the film went into production. By March 1988 the films were completed to my and Film Australia’s satisfaction. They were edited down to three half-hour segments. The first dealt with the period 1850-1939, the second 1939-1972, and the third covered 1972 to the present. In its edited form, the series diverged very little from the initial script.

The 'rough cut' was sent down to the ACTU and a letter came back with some suggested changes. They appeared to be relatively minor ones which we accommodated by altering the narration. A week later a 'fine cut' was sent to Melbourne. (In film terminology a 'fine cut' is very close to the final version!) This time, however, we were asked to attend a meeting because new changes were to be proposed. It was at this meeting that the committee expressed their real concerns about the film—ones that were at total odds with the approved script.

They specifically objected to references to the Communist Party as an organising force among unionists during the Depression; the portrayal of the 1971 Ford strike (where migrant workers staged a five-week strike because of a simple language error on the part of their union officials); insufficient references to the Accord and the arbitration process. Why hadn't these concerns been voiced earlier? We already felt we had compromised some of the film's narration, but we wanted to draw the line against dropping any actual sequences. I suggested to Film Australia that we employ, as historical consultant, Jim Hagan, Dean of Arts at Wollongong University and author of the official history of the ACTU.

With Hagan's involvement two more re-cuts were done to produce something we all felt satisfied would accommodate the ACTU concerns and also meet the standards of historical accuracy. Personally, I was unhappy with the edit. Repeated requests by the ACTU to 'put things in a more positive light' had the effect of romanticising the narration. Failure to allow us to do a critical analysis of the Accord made Part 3 seem like propaganda for the ACTU.

It was then that Simon Crean became involved. He wanted a total re-structuring of all three programs. The Sydney Morning Herald said for him the film "didn't pay enough attention to the last big chapter", the Accord. For Crean, history was about transition, about placing the future in the context of the present, and this flew against the terms of the original agreement.

Over three months of protracted discussions, the ACTU seemed to have confused my role of filmmaker with that of a public relations image-maker. No one was happy with the series, least of all myself. I felt as if I had to look over my shoulder the whole time. My opinions were confirmed by the ABC who saw the film in mid 1988 just before we became involved in the discussions Crean. The ABC were interested in Parts 1 and 2, but suggested certain changes to Part 3, which they felt was too uncritical. The ABC offer lapsed through ACTU disinterest. By this time, the ABA, dissatisfied with the lack of progress, broke off their contract with the ACTU and withheld the remainder of the money to finish the film, expressing disappointment that the "documentary will not be completed in accordance with our original agreements". Film Australia then tried to wrest the copyright away from the ACTU without success. By this stage all funds to make further re-cuts had been spent, and the ACTU refused to invest any of its own funds in the film.

Zubrycki intended "to make a critical appraisal of the trade union movement, not an official history".
Efforts by Film Australia and myself to meet with the ACTU and resolve this impasse failed, and after various attempts to resolve the issue I finally decided to go to the public on the issue and screened the film illegally at the Trade Union Film Festival at the Tom Mann theatre in Melbourne and later at the Australian Film Institute in Sydney. I contravened copyright because I believed higher, more important principles were at stake—the misuse of public funds, the rights to intellectual property and the rewriting of history. Two days before the Sydney screening, the ACTU made a significant concession by announcing that it was prepared to make the film available to anyone to screen as long as a disclaimer accompanied it: "The film is not representative of the history of the union movement. It is not endorsed by the union movement and represents only Mr. Zubrycki's narrow romanticised view of our movement".

By defining copyright very rigidly in its strict legalistic terms, the ACTU completely denies the notion of intellectual copyright. Moral questions were totally ignored and carried no weight with the ACTU. The contract stated that the ACTU alone had final control over content, and thus the ACTU can flatly deny any censorship took place. I contend, however, that the attempted suppression of the film by intending to have it recut by another party constitutes censorship on the part of the ACTU. My original idea was to make a critical appraisal of the trade union movement, not an official history. I contracted to work for Film Australia and the ACTU on this basis. Accordingly I refused to re-write history in order to produce a piece of propaganda. In a court of law elsewhere in the world, I would have strong grounds for re-dress: more than 60 countries have moral rights legislation in place, but Australian law does not recognise anything but economic rights. It is time this was changed.

The ACTU is trying to take under its wing a lot of Art and Working Life projects. It pretends to value the principle of copyright, artistic integrity and intellectual freedom. Any prestige the ACTU has managed to accrue in the arts community must surely be undermined by this debacle. It will be an enormous tragedy if this film remains unfinished and the material ends up sitting on the shelf. It will be an even worse tragedy if somebody else re-cuts it. The enormous publicity the film has received is generating tremendous interest from unions and other organisations, and it is clear from this interest that the ACTU is not speaking for all unions. For example, the national executive of the Public Sector Union passed a motion "expressing concern...that the ACTU is being publicly perceived to be adopting censorship and standover tactics...The national executive believes that the film has merit as a brief history of the trade union movement, displaying positive images of unions and geared to a level which would have general popular appeal." As well, a number of union officials—including the federal secretary of the AJA, Chris Warren, and BWIU president Bill Ethel—sponsored the first Sydney screening of the film. A number of copies are in circulation in each state, and the ACTU recognises that it has little power to stop their circulation.

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For nearly 40 years Denis Freney has been the radical political agitator par excellence, deeply involving himself in campaigns for student rights, the Labor split, the NSW Teachers' Federation, the ALP, the CPA, various Trotskyist groups, anti-apartheid—including stopping the Springboks—Algerian independence through the FLN, self-management, the Vietnam war, gay lib, Aboriginal rights, East Timor and Fretilin, the Nugan Hand bank, Polish Solidarity and now the New Left Party. To a big output in journalism and pamphleteering he has added valuable works on the CIA's Australian connections, on Nazi terrorism in Australia and on Timor.

Now, in this scintillating autobiography, Denis emerges as one of our very best writers. He is his own hero, and that is the autobiographer's privilege, but in Denis' case it is completely justified and ensures that the story of his personal and political development is enthralling, entertaining and thought-provoking. I am left with enormous fellow-feeling with, and admiration for, the subject/author.

Not content with fighting one good cause after another he has always agonised over the great question of revolution versus reform, coming up, not surprisingly, with different answers at different times and for different countries. His highly-developed ability to learn from experience and to change his ideas when they get too out of accord with facts leaves him musing over what this makes him now. Whatever his answer, it is obvious he will continue to be a valuable strategist to have on your side.

His revolutionary work took him to over 20 countries on many occasions. Given his love of mixing business with pleasure he is suitably wry about being a revolutionary tourist, though he has never been to the Soviet Union, China, Vietnam or the Americas. It is clear that he has relished it all, including the self-sacrificing grind of organisational work that was also sometimes dangerously illegal.

He is wickedly good at the thumbnail sketch, so the book is worth buying just for those of Douglas Darby, Bob Brown, Bruce McFarlane, Paddy McGuinness, Bob Gould, Nick Origlass, Bob Akin, Ken Kemshead, Joe Harris, Laurie Aarons, Ken Coates, Robin Blackburn, Brian Laver, Albert Langer, Joe Palmada, Alec and Mavis Robertson, Bernie Taft and others.

As one of the small band of Australians born in 1936 (the least productive year quantitatively this century) Denis is also worth reading on what it was like growing up in the 1940s and 50s. His frankness makes it easy for us to identify with his experiences, though I'm not sure how far we can generalise from his habit of adding tomato sauce to tripe in white sauce to give a bright pink result.

Naturally, it is a frankness which is shaped. For example he tells us about his earlier heterosexual and his later homosexual encounters, thereby also tracing the changing sexual mores of Australians in the 1950s to the 1980s. But by telling us about them now, and by not telling us about other aspects of his sexual life, he is following a script society has written for him. That script, even in an age of gross overpopulation and rampant AIDS, continues to link sex and personal relationships. Omitted, after a reference to his first wet dreams, is the most common sexual practice by everybody—be they homos, heteros...
or lesos—and that is masturbation. Since the personal is political, the consequences of this kind of self-censorship could do with some analysis: it probably perpetuates the loading of responsibility for one's sexual relief onto others (mainly, I suspect, by men onto women) and privatises the process of growth so that self-loathing or narcissistic self-love are the outcomes.

Even when he is frank he is sometimes incurious about himself, as about the sources of occasional outbursts of physical violence. In every other respect he presents himself as an almost unbelievable goody-goody who would “never even think of” crossing a school playground dividing line, was “prudish” about sex, “had a puritanical attitude towards cigarettes”, was “embarrassed” at public swearing, and so on. He even claims, surely disingenuously, that he “never injected my political views on the Vietnam war, socialism or anything else into my classroom teaching”. But on violence he lets it hang out: the dent in the kitchen wall where he hurled a frying pan at a younger sister in “one of those arguments about washing and drying up”; and while others held a Nazi on the ground he “began kicking his bald head. My rubber-soled desert boots bounced ineffectively off it as he whimpered like a child”. Yet he says “my father never raised a hand against any of us, ever” and nowhere speculates about what could cause such uncharacteristic behaviour in himself.

There is also a problem about his education. Sometimes university is wasted on the young, so it is distressing to realise that Denis graduated when he had only just turned 19. For he tells us nothing about any intellectual awakening for him there, or any scholar's influence, or any great debates—only that he crammed before each annual exam and wrote one history essay on the abolition of slavery in the West Indies and another on nationalism which paraphrased Stalin. Denis is inclined to blame himself and his political work, but it must be true that in large part he was let down by Sydney University itself.

In his 20s and 30s he found it impossible to reconcile the political, sexual and family parts of his life. His need to earn money also led him into further compartmentalisation as, when in South Africa, he taught white children the contents of apartheid textbooks by rote. He was able to find a more unified identity eventually by modifying his politics, by coming out, and by ‘divorcing’ (a la R D Laing and David Cooper) all the members of his ‘family’ and reconstructing more adult relationships with them.

For all that he remains a loner, although he does seem always to have enjoyed a close relationship with one of his younger sisters. It has given him a lot of not unwelcome freedom, and has been a precondition for his full-time activism—which in turn has given him many compensations for his lonesomeness.

His conclusion is that his first 50 years “had been fulfilling and the fight worth fighting...Happiness was a transitory illusion, while joy was something seldom experienced but which lived forever. It was won only through struggle, fought alone, suck·

ing the stones of the desert of one's inner self.” I would add what modesty forbade him saying—that those years also show a remarkable record of achievement on behalf of others.

ROY FORWARD recently returned to Canberra after teaching Australian studies in China.

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Tariq Ali is one of best known trotskyists in the English-speaking world. In the turbulent years of protest against the Vietnam War and the birth of student radicalism, Tariq Ali was to Britain what Danny the Red was to France. They were both outsiders—Cohn-Bendit a German Jew and Ali a Pakistani. Danny was an anarchist and Tariq a trotskyist, but nevertheless they had much in common.

Tariq remained a follower of Ernst Mandel, the Belgian marxist whose prolific writings cover a bewildering number of topics. Now it appears the relationship has ended, in part as a result of the impact of events in Eastern Europe and the USSR in recent years.

Ali’s satire on the trotskyist movement renders Mandel as the model for the main character, Ezra Einstein. Ali does not deal with him as harshly as most others in the satire, laughing at him more in sorrow than in anger. The book opens with Mandel/Einstein contemplating the collapse of stalinism in Eastern Europe, and specifically the execution of Ceausescu.

However, the workers’ uprisings are not for socialist democracy and self-management, but rather represent a victory for pro-capitalist forces, despite Ezra’s momentary enthusiasm for the new Romanian Prime Minister Petr Roman, who was a trotskyist ‘sympathiser’ in France in 1968. The book does contain as a sort of sub-plot some serious discussion of the collapse of communism and the future of socialism worldwide.

The ageing Einstein/Mandel decides to rebuild the movement by holding a special world congress at which he will unveil his latest grand scheme to achieve political salvation. He decides to invite all his old enemies in the various splinter trotskyist sects.

First there are the Americans of PISPAW (Proletarian International Socialist Party of American Workers) modelled closely on the US trotskyist group, the Socialist Workers Party (SWP). Also invited are Frank Hood and the Hoodlums, (identical to the Socialist Labour League/Workers Revolutionary Party of the late Gerry Healy), and Jed Burroughs (uncannily like Ted Grant) leader of the Burrowers (the Militant Tendency) who are busily infiltrating the Labour Party.

Also from Britain come ‘The Rockers’ (International Socialists) led by Jimmy Rock (Tony Cliff), while the International Satanist Tendency (Spastacist Tendency) make their noisy ‘intervention’! Comrade Diablo (Pablo) and assorted others including the sinister Swiss (The Cuckoo), the various French factions and Renard, the underworld contact of the movement, arrive. The renegade Austrailians’ (the Percy brothers’ Democratic Socialist Party/Socialist Workers Party) refuse to attend, after splitting because they backed Brezhnev on Afghanistan.

I knew quite a few of the main characters satirised by Ali and although there’s naturally exaggeration in the portrayal of them, it’s not as great as the uninitiated may think. Fact is stranger than fiction in the world of the sects!

And when the fractured trotskyist church decides to unite in a new form of ‘entrism’, the brilliant conclusion of the book has a crazy logic...

Tariq Ali’s satire reminded me of the broader impact cults have had over the past 20 years. Most think of these cults as being exclusively religious, arising from the upsurge of interest in Eastern religions and old-style Bible Belt fundamentalism. They’ve drawn on modern psychological techniques and the sophisticated science of mass marketing, public relations and media manipulation.

The political cults/sects have learned from their competitors in the religious field. The classic example are the LaRouchians, followers of former trotskyist Lyndon LaRouche, now in prison in the United States for fraud. They swung from ultra-left to neo-fascist in a few short years and in the Reagan years had access to the White House.

The amazing story of LaRouche, as told by Dennis King in The New American Fascism cannot be canvassed in detail here. LaRouche did, however, learn much from British trotskyist sect leader Gerry Healy who almost appointed him leader of the American Healyites. LaRouche however wanted to be the supreme leader himself and broke with Healy as he had with the American SWP shortly before.

“Any experienced leader in the socialist movement knows exactly how ‘brainwashing’ is accomplished,” LaRouche later wrote. First, you “isolate and publicly
been tortured and brainwashed by the CIA and British intelligence. On average, a 'Manchurian Candidate', gaining a 'trigger word', he was to kill his wife, LaRouche's former girlfriend. White suffered a nervous breakdown. The victim usually broke down, sobbing uncontrollably. One ex-NCLC member described it as "pure psychological terror" resulting in an extreme form of "depersonalisation". NCLC members were transformed into "snivelling informers" vying with each other for LaRouche's approval."

But this was only the first stage. In 1974, LaRouche "discovered" his very own 'Manchurian Candidate', Christopher White, who had annoyed LaRouche by marrying the leader's former girlfriend. White suffered something of a nervous breakdown. LaRouche announced that White had been tortured and brainwashed by the CIA and British intelligence. On hearing a 'trigger word', he was to kill his wife, then finger LaRouche for assassination by a Cuban frogman.

LaRouche and White filed complaints with the UN Commission on Human Rights and launched a lawsuit against the CIA. Lurid descriptions of White's torture were fed to the LaRouche membership in tales of heavy electric shock, eating excrement, homosexual rape of all variations...

To his followers, LaRouche announced that sceptics who didn't believe the story were "subhuman": "The human race is at stake. Either we win or there is no humanity". In the atmosphere of mass hysteria, his followers rushed forward to confess that they too had been brainwashed by the CIA and were 'Manchurian Candidates'.

With such depersonalised and terrorised followers LaRouche was able to take them from the ultra-left to neo-fascism. He was happy to see those not completely brainwashed drop out.

LaRouche could not have succeeded as he did politically without wooing the Reagan Administration and by shrewdly championing the nuclear fusion energy lobby and the Star Wars concept before they became fashionable. Through seemingly respectable rightwing lobbying groups, he gained access to the far-right nuclear warriors and through them an open door into the Reagan administration at its very beginning.

While relations were being built at top levels in Washington, the LaRouchian empire was being maintained by defrauding elderly rightwing people of their life savings, given as loans which were never repaid.

LaRouche also sought respectability by launching his own 'War on Drugs' while secretly dealing with organised crime and heroin cartels. One of LaRouche's main theories relates to Dope Inc which supposedly controls the world narcotics trade and is in turn run by the Queen of England. And even she—naturally—is a tool of the International Jewish Conspiracy.

Finally, such an outrageously daring operation had to fall to pieces. Defectors told the truth, some media had enough conscience to print it and the old ladies and men who had lost millions to LaRouche's loans fraud came forward. LaRouche found his powerful friends were not enough to keep him out of prison.

If you read these two books side by side, you don't know whether to laugh or cry. One thing is certain: you'll be doubly wary when you're button-holed by one of the followers of a sect...

DENIS FRENLEY is the author of A Map of Days: Life on the Left (reviewed above).

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**Judy Horacek**

Contemporary theory tells us that there is no objective reality. Different people will see things in different ways. For example:

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<th>Lesson 2</th>
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<th>A rectangle</th>
<th>A window</th>
<th>A parking spot</th>
<th>A grave</th>
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Thus it can be seen that there are optional realities. However the USA mistakes this for "realistic options" as in the phrase "war is the only realistic option". This New World Order leads to turning other countries into graveyards, or car parks, depending on your point of view.
create institutional arrangements in which efficiency and stability are the goals to be balanced, and the power of conflicting interests is the force to be reckoned with. Not that you would gather that from the discussions of industry policy in the media. Since political journalists tell ringing stories and economic journalists abstract from statistics and models, the problem of power and institutions goes unaddressed.

So, too, does history. The economists are almost unanimous in declaring protectionism to have failed. "The history of protectionism—a lesson in collective folly", according to a Paul Cleary story in the Sydney Morning Herald. For the Financial Review, 13 March is "the day protection died in Australia". Michael Stutchbury notes that since the 70s protectionist measures have been dismantled. One of the few dissenting voices in this chorus was in The Australian. There David Carroll had the temerity to defend the old orthodox of protection. Carroll notes that since the 70s Australia's manufacturing base has been decimated—ouch! But all he can offer is a return to the good old days of the Menzies era piecemeal regulation. The free traders combat the policies which were innovative for the 1880s with what the textbooks tell them Adam Smith stood for—in 1776.

Protection has had its drawbacks, and journalists and have pointed these out with monotonous regularity. Yet they have not addressed the key issue to which protectionism as a policy was the historic answer: the problem of economic power. How can a small and vulnerable economy develop efficient and stable economic structures without having them wiped out by powerful opponents?

' Economic rationalism' does not have an answer to this problem. Neither does the prime minister's statement. The commentaries on it are full of the rhetoric of toughness. The statement shows "determination and courage" says Gittins. "The government will hold its nerve" says Stutchbury. (Just when we all thought they were holding another piece of their collective anatomy!) The rhetoric is meant to suggest that it takes toughness and nerve to hold fast to economic rationalism. What the rhetoric hides is the fact that it is faith which is required, not nerve.

Hawke's statement includes this piety: "However much our competitors might bend or break the principles of fair trade our own self interest is served by a steadfast refusal to return to the days of protectionism." In other words, if we haul down the protective walls, we risk watching helplessly as our competitors kick our manufacturing base to bits while offering no such sacrifices on their side which might give our mining and agricultural industries an opening. This is pure idealism—of a kind the Labor Party displays in few other areas of its political life or history.

Stutchbury paraphrases Hawke: "Even if the East Asian economies do not play ball, yesterday's announced tariff cuts will yield economic benefits by forcing Australia's protected 'infant industries' to grow up or shut down." What this tough talk disguises is an idealistic belief that in destroying the slug-like growth which is our protected economy, the 'playing field' is somehow miraculously cleared for new, spottier industry models to thrive in. They even have little models to 'prove' it, where all those scandalously inefficiently used resources scamper about and regroup themselves into mean, lean and keen combinations.

Honesty, this was great rhetoric in the days when Adam Smith marvelled at a dozen men making pins.

But the real hard-heads of today are not these idealistic economists, nor the cautious protectionists of yesterday, but the administrators, horse-traders, engineers and money-men of Tokyo, Seoul and Taipei who don't give a stuff about "principles" (or economists) and don't 'play ball' unless it's hard ball. So while the economists fault the government for too little hard-headedness, they are really calling for more idealism. The really hard stuff is waiting out there to clobber us when our guard is down and it will. The economists will cry foul and say it isn't fair. But then when was capitalism ever fair—or rational?

McKenzie Wark.
Since I, but I have not yet given up, dear reader. The search for an inland sea of cappuccino will continue. As I wander around the mirage of Canberra, our peripheral capital has greeted me with open maw, chewed me up and is in the process of digesting me. Whether I emerge as pap grey as the average Canberra backyard remains to be seen.

Social life here is fairly limited. Indeed some would say that a night out in Canberra rates about equal on the fun scale with having a pap smear. But I have not yet given up, dear reader. The search for an inland sea of cappuccino will continue. As I wander around the mirage of Canberra, our peripheral capital has greeted me with open maw, chewed me up and is in the process of digesting me. Whether I emerge as pap grey as the average Canberra backyard remains to be seen.

Baking cakes is a wonderful indulgence and should be approached ar-dently and gently. If buying a quick eclair in Acland St is nice enough, imagine the joy of your very own cake nesting on a plate under a sheet of icing. Cakes are sincere creatures and it takes a long time to get them right, but multiple pleasures await those with patience and a flexible hand. Cakes should be a symbol of domestic contentment. This can of course spill over into the maudlin; I discovered a brand of flour called Mothers Choice in Canberra, which tends to take the fun out of dressing up in a frilly apron. I will leave it to someone else to sift through these profound jottings. Myself, I’d rather be creaming.

**Torte-ology**

**Sponge**

This is a basic recipe, yet I believe that the ability to create something gloriously insubstantial and delicate and then to smother it in 12 litres of cream is a much under-estimated human achievement. This recipe comes from the Presbyterian Women’s Missionary Union cookbook, but it can still be approached ar-dently.

1 cup sugar
4 eggs
1 cup SR flour
1 tablespoon boiling water.

Separate the whites and beat until thick and creamy, add sugar and beat in the egg yolks. Fold in sifted flour, and finally the boiling water. Put into sponge tins and bake in a moderate oven.

A few notes. ‘Fold’ is a gentle movement. Sponge tins are ‘little round ones, and a ‘moderate’ oven is about 180 degrees. After your sponge is ready, let it cool, and then you can have fun with cream, strawberries, icing, whatever.

**Ginger-Brandy Cheese Cake**

This is my favourite recipe from the Moosewood Cookbook by Mollie Katzen. So favourite in fact that the page is plastered with what seems to be the filling for an entire cheesecake. Many times I have secreted the last piece from marauding dinner guests and had it for breakfast the next day. It sure beats muesli, although it’s not good for a hangover.

1. Make a crust in a spring-form pan (ie, one with a detachable bottom) by crushing a packet of ginger nut biscuits. Mix in two tablespoons of honey and five tablespoons of melted butter. Press the mixture into the bottom of the pan and up the sides.

2. Blend together 275 grams of cream cheese, one and a third cups of sour cream, 4 eggs, 5 tablespoons of honey, 1 teaspoon of grated ginger root. Pour into the tin and bake for about 45 minutes at about 180 degrees.

3. When the cake is cold, prepare a glaze. Whisk 3/4 cup of orange juice into 2 tablespoons of cornflour in a saucepan over a moderate heat until it goes thick and glossy. Remove from heat and, while still whisking, add some brandy, grated orange peel, 2 tablespoons of honey. Pour over the cake.

The urge for sweetness can descend into the pornographic. I have in my possession an American book called The Sweet Treat Cookbook which gives “new ways to blend your favourite M&M/Mars candies into superb desserts and treats for all occasions”. One of the delights therein is Hungarian Beef Stew. The recipe calls for three Forever Yours or Milky Way bars chopped. Or there’s Cado Cado Chicken Salad with three Munch peanut bars, crushed. My favourite is the Tomato Aspic with two packets of Starburst fruit chews. Sticky, tacky and incredibly sad. Desserts should not descend into the culinary equivalent of Debbie Does Dallas. May detumescence never devil your sponge.

**Penelope Cottier**
LETTERS

'Unhealthy Tendencies'

If there has been a positive outcome from the 1989 massacre of Chinese anti-government protesters it has at least been the virtual extinction of the 'whateverist' style of analysis of Chinese politics.

Whereas the original 'whateverists' were those who followed whatever Mao did or said, these latterday 'whateverists' can be relied upon to offer a neat, steady explanation for Beijing's latest idiocies, whatever they might be. These 'whateverists' are recognisable by the use of the same tortuous language as that employed by the regime itself, and their effect is to legitimise the regime, if not actually to defend it.

The piece by Nick Knight in the otherwise excellent China Supplement (ALR 125) demonstrates that the species survives, if not exactly prospering intellectually.

For Knight, the massacre was simply a result of the "contradictions and tensions generated in the economic realm [which] were inevitably reflected in the ideological realm", before bouncing off into "deep dissatisfaction with the party's political and ideological leadership".

Well, that's nothing if not succinct. I thought the movement was a battle between idealistic if not naive students—backed by large numbers of intellectuals and workers—and an ageing leadership of peasant revolutionaries who had not met a new idea since the 1920s.

Knight merely describes the massacre of some thousands of unarmed civilians as a "stiffening of resolve" in applying the four cardinal principles (which is really the one principle restated four times—the CCP rules, OK?).

So it was the economy that was to blame. The destruction of the old Maoist, collectivist infrastructure and the opening to the West encouraged corruption and led to the party's decline in the opinion polls and the rise of 'bourgeois liberalism'. Funnily enough, this is not far from the formulation of Deng Xiaoping himself when, thanking the troops a few days later, he told them the counter-revolution, anti-government riot/uprising etc was bound to happen.

Knight contends the pragmatic policies diminished the marxism-leninism and maoism which had become "part and parcel of Chinese marxism" and engendered a cynicism among the population.

I would suggest that almost complete disbelief in Chinese marxism-leninism-maoism, or whatever passes for ideology in 'New China', is not a result of a change in economic policy. Likewise, if cynicism is the issue, I don't think this is because Chinese now have the right to carry out what were once heinous crimes, such as selling tomatoes on the street, or opening a hairdressing shop.

Rather, I'd suggest disillusionment stems from a variety of sources, all of them party-led: such as the anti-rightist movement (1957), the great leap forward (1958-61), the cultural revolution (1966-69), the Lin Biao affair (1971), the crushing of the democracy wall movement (1979), the spiritual pollution campaigns (eg 1983) and the first (1976) as well as the second Tiananmen massacres.

The 'whateverists' usually described these as a result of 'bad work style', which is a handy way of explaining away, say, the Keating-induced recession, 'collateral damage' upon a Baghdad bunker or any other cock-up that comes to mind. It is also worth pointing out that while the economic policies may be merely pragmatic, as against legitimate in the eyes of the 'whateverists', they also work—unlike the 80% of the economy that it still state-owned.

Moreover, the reforms enjoy immense support. I've yet to meet a Chinese who wants to go back to the wasteful and barren days of workpoints and quotas. If Nick Knight has any ideas on how better to move a command economy forward other than introducing forms of market forces, I'm sure Li Peng (not to mention Presidents Gorbachev, Havel et al) would be more than pleased to hear them.

Knight does touch on corruption and, yes, it is true corruption has risen in the past 13 years, but so have standards of living. Corruption (guandao) was one of the targets of the student movement. A strengthening of democracy ineradically means a decline in corruption; that is, it's easy to be corrupt when you're not accountable, or when the press is a government mouthpiece. Knight did not touch on any of this, nor many of the other questions raised by the movement, such as its overwhelming popular support, and the legitimacy of the regime itself.

Chinese politics does involve some important and fundamental issues: human rights, the role/treatment of intellectuals, the role of markets in communist economies, the innate brutality of communist states and the evaluation of communist revolutions in agrarian states.

A mode of analysis, such as Knight's, which describes the natural desire for more justice, more democracy and less persecution as "unhealthy tendencies" doesn't offer much to the China debate, except to confirm the staggering capacity of some Western experts to befooled.

Robert Clark, Bondi, NSW.

Editor's note: The 'whateverists' are characterised by the expression: 'Whatever Mao said or did is all right with us.' They, represented by Hua Guofeng, held sway in the interregnum between Mao's death in 1976 and the ascendancy of Deng Xiaoping in late 1978.
DEAR DR HARTMAN

Fruit Salad and Muesli

Hello patients,
Let's spare a thought this month for the teachers of Australia. They are in a shocking state of psycho-sexual collapse and they are absolutely obsessed about their level of pay. And, quite frankly, when it comes to status they're in quite a bit of trouble.

If you believed everything you read in the newspapers about teachers' status, then teachers would be rated slightly below used-car salesmen and cockroaches. However, one of my teacher patients is always pointing out that the media reports can be quite contradictory. On the one hand, teachers are responsible for the decline of Western civilisation as we know it, but on the other hand the role of teachers has got bigger and bigger.

Teachers these days are expected to do all this, and still find time for that most important job of all—making sure that all the papers are picked up in the playground after lunch. And they've got to do all this with no chalk, precious few text books and no paper for the photocopying machine!

While we're on the topic of photocopiers, I understand that the last time someone put toner in a school photocopier was in 1973—just after Whitlam got in.

Quite simply, teaching is a pressured job! Is it any wonder that some teachers snap, and start hoarding resources for their own personal use? Take chalk, for example. You see teachers hiding it up the back of their desks. Then they start to hide it upon their person, like drug smugglers.

I had a teacher lassie in clinic the other day, who had become so anxious about having enough chalk for her lessons, that she started putting pieces of chalk into little bags and strapping them under her clothes around her waist, like a money belt on a nervous traveller. When she started concealing it in various body cavities, the principal brought her to one of my clinics.

But it's the teachers who work in disadvantaged schools that I really worry about. These are schools where most of the students are miserably poor and come from a fruit salad of cultures.

I had a teacher from one of these schools come into clinic the other day who had completely lost the plot. She told me how she was completely dedicated to the efforts over the years to improve the education of the students. She planted trees in her concrete jungle of a playground and cooked breakfast for her students before school. Somehow eating muesli and drinking milk was going to help them win in the race of life.

She tried desperately to be "relevant and meaningful". Every second day there was an excursion. Every book she used was written by the students themselves (which was interesting because they couldn't read). And every weekend in winter she took all the Koori kids skiing.

By the late 80s my patient teacher was beginning to show signs of stress. When Canberra sent down the word 'empowerment' she began to dry retch during the morning break. Somehow 'empowerment' always sounded a little too American and she didn't really know what it meant. She was frankly glad to see it go.

And now in the 90s it's 'equality of outcome'. As soon as she heard the latest words she swung into gear and organised a steering committee, a conference and an in-service. She was just about to arrange for the parents' consultations when she snapped.

She had been struck down by this simple question: is it possible to ever really overcome the fact that a kid from Double Bay, who gets driven to school in an air-conditioned Mercedes and who goes to European art galleries for his holidays—is it ever really possible to overcome the fact that a kid like that has had one big leg-up in life that's pretty hard to beat, no matter how hard the teachers try to get their policy right?

Send your problems to Dr Hartman's secretary, Julie McCrossin, care of ALR.
"the submission is not a statement of support for the MFP but seeks to establish a number of preconditions for co-operation. The most pressing of these preconditions is the establishment of procedures for on-going consultation with the union movement and with the wider community."

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Prepared for the UTLC by Coral Baines, Dept of Politics, University of Adelaide.

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The View from Britain

In Britain we have a way of seeing things. We see a world where civilisation ends at the other side of the English Channel, we fondly remember the days of empire and we cry into our gin as the Ashes escape, once again, back down under. We call it Thatcherism.

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