BEWARE THE IDEAS OF MARCH: ALR'S VISION FOR THE 90s

FLIPBACK!: THE COALITION'S ELECTION U-TURN

THE SOVIET LEGACY: RUSSIA HEADS FOR DISASTER

ARRIVEDERCI READERS: ALR'S BUMPER LAST ISSUE
Call for Papers

The Voices of a Margin: Speaking for Yourself

University of Central Queensland, 8 - 11 December, 1993

This conference hopes to develop meaningful connections between cultural theorists and those people who live "marginal" lives. Emphasis throughout will be on the politics of defining groups as "disadvantaged"; the danger of speaking for and about "marginalised" people; the connection between theories and "otherness" and everyday practices in education, government and the media and the need for discussion which welcomes instead of discouraging debate and disagreement.

In this context, papers, workshops, poster presentations and performance pieces addressing the following issues are now invited: women's health; representations of homosexuality and HIV; mental health; Aboriginality and politics; disability; children parenting and power.

Speakers include Dennis Altman, Mudrooroo Narogin, David Birch and Irene Moss.

Please send 300 word abstracts of papers and outlines of other projects to Jan McNamee / Leonie Rowan, Faculty of Arts, University of Central Queensland, Rockhampton Qld 4702. Ph: (079) 30 9264 or (079) 30 9665. Fax: (079) 30 9501 by 1 August, 1993.
MARGINS:
Goodbye to all that 2

MOVEABLE FEAST:
Penelope Cottier raises some furry hackles 3

PROFILE:
Camille Paglia: Irritant and provocateur par excellence 4

LOOKING BACK:
Test your memory about ALR's history... 6
...and how one reader saw its end 8

JUDY HORACEK:
To be or not to be? 71

CHINA SHOP:
The world’s longest-running farce 72

BRIEFINGS
NATION-BUILDING:
The second coming of One Nation 9

ROUGE AWAKENING:
The UN Peace Plan for Cambodia unravels 10

LUCKY JIM:
Can Jim Anderton save the Kiwis? 11

FEATURES
BACKFLIP TO THE FUTURE:
The Coalition's backflip on Fightback! may steal it the election. Ian Cook argues it's a much more dramatic reversal than has been realised 14

MANAGING TO GET BY:
Are Australia's managers up to the job? We interview Du Pont Managing Director Dick Warburton. 17

BUILT BY ASSOCIATION:
Oversized, overcommitted and overtaken. Paul Hirst rejects old industrial ideas—and suggests some new ones. 21

TOWARDS THE ABYSS:
Boris Yeltsin is fighting for his political life. But that's only a sideshow to the real issues, reports Tony Phillips. 47

BORN TO SHOP?:
Women only come into the city to do the shopping. What do you mean ‘only'? asks Gillian Swanson. 50

GOVERNING AIDS:
Oppositional stances suggest that AIDS activists should be challenging 'the system'. Michael Bartos thinks the system isn't doing too badly, thank you. 54

MAINSTREAM OF CONSCIOUSNESS:
Yothu Yindi are well and truly in the mainstream, but they're not getting carried away. Stephen Muecke argues that's just the way it should be. 58

ALREVIEW
KYLIE COUNTRY: 63
‘Yay Kylie', says Idena Rex

THE COMFORT OF ALEX:
David Nichols relaxes with a few comics 65

THE KEYS TO KEYNES:
The life of the great economist 67

...AND BE DAMNED:
The life of a not-so-great economist 69

THE LURE OF MELODRAMA: 70
Susan Dermody looks at the old 'new' Australian cinema
But a small group of people at the time were interested in reviving it, and I began to see with them that it had possibilities far outstretching its implicit role as a theoretical journal for the near defunct Communist Party. Over the years that followed ALR suffered minuscule budgets, fantastically poor wages and conditions, a cheap and cheerful print job (well, cheap at least), and the vociferous disapproval of many of the people who were supposed to be funding it.

We never had a promotions budget to speak of, our regular staff never exceeded two full-time equivalents, and the constraints of the production process were such that a week of every month had to be devoted to typesetting, another ten days to layout, and another week again to printing, meaning that our deadlines were almost completely subordinated to the exigencies of production. Very few of the contributors were ever paid a cent, and many had to put up with decidedly vigorous sub-editing jobs with a pained grin. And the criticism came thick and fast.

But looking back it seems we’ve produced a magazine of world-class political debate these last few years, a feat that seems on the face of it impossible. During the past six years ALR evolved from a somewhat irregular quarterly to a bi-monthly and finally, in 1990, to monthly publication. Yet the magazine was never really viable. We couldn’t have survived a month without funding from people who made no secret of their disapproval of the magazine’s direction, and who in the last couple of years only agreed to fund the magazine for six month intervals or less. Our sales never funded the salary bill, meagre though that was. And staff mostly couldn’t afford to work on the magazine for long.

Finally, early this year, we reached the end of our tether. Our funders wouldn’t commit themselves to subsidising the magazine for more than a few months, and the prospects after that seemed bleak. None of the surviving staff could afford to work on the wages for much longer. And with our budget stripped to the bone we had no money for even a single proper promotions drive. In the end we decided that rather than go out with a whimper at the hands of the funding body, we’d go out with a bang ourselves. ALR had had a good innings, and we’d delved into many of the debates we wanted to. Given the political and intellectual state of the Left it seemed our advocacy of new ideas and new directions had reached the limits of their effectiveness within the old Left constituency. And the idea that the baton must be passed on, while pervasive, is not one of the Left’s more productive obsessions. So this is the magazine’s last issue.

What has it achieved over the last few years? First of all, and not least, we put the cat among the pigeons. The intolerance of heterodoxy and debate in the broader Left as much as the old Left grouplets is a certain sign of sclerosis; we tried to stir things up. We also tried to subvert some of the more idiotic Cold War divisions that still stir instinct on the Left; the old commies and their ALP allies versus the loyalist Labor Left; the labour movement Left and Right (increasingly meaningless terms in any case), and even the old Right/Left demarcation of politics generally. Again, we tried to show that there were more interesting debates around than were dreamt of in many Left talkfests. And that (to quote the editor of another late lamented Left magazine) “good ideas and interesting people have no necessary political belonging”.

In doing so we found ourselves in uncharted waters: postmodernism and the environment movement, the ideas on government of the late Michel Foucault, cultural policy and its critics. ‘It’s not Left at all’, cried the critics. But deep down we all knew they had no better idea of what was ‘really’ Left nowadays than anyone else. It’s funny how on the Left whistling in the dark so often manifests itself as bellowing displeasure. Finally, we tried to bring the avant garde of political ideas to an intelligent lay audience, to people with little time to think, a taste for political broad-mindedness and a talent for spotting a good thing even in fairly shoddy packaging. Given that the Left as a whole is pretty fragmented and confused nowadays, this was of necessity going to be a pretty limited audience.

And this brings me to you, loyal reader. We’re sorry to have to go. We’re even more sorry not to be able to offer a like-minded successor, an intelligent magazine which neither talks down to nor lectures its audience. But I guess that’s politics nowadays, as the actress said to the postmodernist. Projects come and go, ideas are often ephemeral, and the power of organisation isn’t what it used to be. Maybe we’ll see you again some day in another manifestation (although, then again, maybe not). Anyway, thanks heaps.

DAVID BURCHELL is ALR’s editor.
Here are a devil's dozen reasons for owning a fur coat.
(One could start with, perhaps, a silver fox dyed purple with 'faux' and some pawprints done in orange on the back.)

1. Furs are biodegradable. Try composting your vinyl.
2. They are soft, warm and cuddly. Like Teddy bears.
3. They are worth saving up for.
4. Foxes are vermin who eat all sorts of native Aussie beasts. Killing them makes me warm.
5. Unlike a pet, they do not require petfood, and do not run around killing native Aussie fauna.
6. They are the nearest thing to bestiality without breaking the law.
7. They poke fun at rigidly in the Green movement, which is sometimes repressive. See point 11.
8. They are all but essential in Canberra, where the temperature often slides to minus five in winter. This European weather requires European clothing—unless we’re all to wear kangaroo, which is harder to dye nice colours.
9. By buying an Australian made fur coat, you are supporting the textile, clothing and footwear industry. It’s a more attractive way of doing this than voting for any candidate in Wills.
10. I like the way tails can make patterns. I like to stroke them.
11. I recently dropped in to speak to a leading Melbourne fur manufacturer and member of a fur lobby group in Melbourne. He was articulate, polite and thoughtful. I then walked up the street to look for recycled paper in the Friends of the Earth shop. When I walked out, I was followed by two ‘Green’ men who called me things such as ‘meat for Carnivores’. I was wearing horsehair shoes with a fake leopard skin print and a vinyl jacket with sheepskin, so I was asking for it, I guess, as the judge said to the prostitute. Or maybe they saw me in the furshop—which would really mark me as fair game. My difference from a ‘proper’ woman invited their contempt. Now in a sense we are all meat, but no ageing, fat, sexist hippie is getting near this cotelette.
12. They are doing such wonderful things with dye and fur these days. Fur no longer need look tatty and sad and moth-eaten and natural.

It seems to me that too often repression of desire and searching for rules is a particular tendency of people who see themselves as leftwing. The desire to belong to a group has not left us since the death of older forms of organisation. Many people crave a particular way of dress, speech or behaviour as providing a sense of security once provided by being a card-carrying member of whatever. It’s like a school uniform examination to see if one is wearing the right sort of underwear. My answer: Don’t bother, bend over and flash.

As a woman who sees herself as a feminist, but who wears high heels and likes pornography and cake-decorating, I am used to being regarded with suspicion. Sometimes this is fun and throws one back on one’s resources. Sometimes it is not—as in the case of harassment on the street, or blind stupidity that relegates any politics outside the current definition to a mythical land called ‘reactionary’. But, then, I always preferred Shostakovich to Stalin.

The funniest ‘lefties’ of all are those who are misleadingly known by the ebullient-sounding term ‘trots’, but who are absolutely incapable of tolerating, let alone enjoying, difference. Hence a woman at a recent party I attended asking me why I was so rightwing as to wear high heels and show my breasts. Darling, high heels do not Imelda Marcos make. If she’s ‘leftwing’, then I’m the Pope. It’s lucky for her I’m not as rigid as she, or she might have been found floating on Lake Burley Griffin with a stiletto heel through her hard heart.

Of course, it’s a good thing that the old connection with Stalinism was broken within the Australian ‘Left’ but perhaps until we learn to drop the word—which alienates so many interesting, caring people—we will continue to produce do-it-yourself Stalinists among our ranks. On the other hand, the instance of the would-be rapist Greens suggests to me that personality is the issue, not the movement involved. Ugliness, it seems, is with us forever. Me, I’ll just continue to wear unsuitable things and flaunt my difference. I’ll be a credit card carrying anarchist degenerating into furs. If only I can get the money together...
If she was a noise, she'd be an electric sander in the apartment next door, relentless, high-pitched and impossible to ignore. As it is, she compares herself favourably to both Simone de Beauvoir and Madonna. For the past two years, Camille Paglia, Professor of Humanities at the University of the Arts in Philadelphia and controversial author, has been making a living irritating the hell out of practically any ideology which wanders into her sights. Here she is on feminism:

Contemporary feminists, who are generally poor or narrowly trained scholars, insist on viewing history as a weepy scenario of male oppression and female victimisation. But it is more accurate to see men, driven by sexual anxiety away from their mothers, forming group alliances by male bonding to create the complex structures of society, art, science and technology.

And here she is again on conservative family values:

Gay men are the guardians of the masculine impulse. To have anonymous sex in a dark alleyway is to pay homage to the dream of male freedom... Similarly, straight men who visit prostitutes are valiantly striving to keep sex free from emotion, duty, family—in other words, from society, religion and procreative Mother Nature.

A self-proclaimed bisexual feminist, Paglia has little sympathy for either the Left or the Right. Indeed, she argues that the liberal-conservative binary no longer holds. Speaking at the Massachusetts Institute of Technology in 1991 she told her audience: "The liberal and conservative dichotomy is dead. The last time it was authentic was in the 50s, when there really was an adversarial voice coming out of people I really respected. On the New York Jewish intellectuals like Lionel Trilling and the people of Partisan Review."

A child of the 60s revolution herself, Paglia argues that her generation squandered its intellectual inheritance with excesses and built, in the place of a true revolutionary consciousness, a hollow shrine to political correctness. Her targets are liberal scholars and their courses—the gamut of post-60s humanities fodder, from standard Marxist-feminist critiques through to poststructuralist models. Superficially, there's little to distinguish her rapid-fire attacks on the new liberal orthodoxy from those of disgruntled academic traditionalists. What differentiates her, however, is not rhetoric but speaking position.

Paglia talks as an insider, a feminist/lesbian scholar who has no relation to the WASPish moralist-Marxist critiques through to poststructuralist models. Superficially, there's little to distinguish her rapid-fire attacks on the new liberal orthodoxy from those of disgruntled academic traditionalists. What differentiates her, however, is not rhetoric but speaking position.

The well-intentioned report in question proceeds from a premise of "the basic goodness of sexuality". (It is a vision which, Paglia notes, "would have made Doris Day and Debbie Reynolds—those 50s blonde divas—proud"). Departing from this optimistic view of sexuality, the report proceeds to apply a feminist-Marxist critique to contemporary sexual politics, targeting "our cultural captivity to a patriarchal model of sexuality and its ethic of sexual control". Christian values, it argues, demand that marginalised groups are treated with tolerance. The ultimate vision is of a "nonpatriarchal future" where everyone can get along free of discrimination.

In this revised Christian brotherhood, newly purged of racist, sexist and homophobic overtones, Paglia discerns something smelly, however: "the revival of the old Protestant ethic, masquerading in new, hip clothes". The report, she says, gives us vanilla sex, smothered with artificial butterscotch syrup. In its liberal zeal to understand, to accept, to heal, it reduces the grand tragicomedy of love and lust to a Hallmark card. Its unctuous normalising of dissent is imperialistic and
The gay world is stripped of its outlaw adventures in toilets, alleyways, trucks and orgy rooms... This is censorship in the name of liberal benevolence.

Paglia discerns the same trimmed-lawn view of sex and emotion in much feminist ideology. Central to this repression, she argues, is a reluctance to engage aesthetics or psychoanalysis. The result is a feminist politics which has failed to come to terms with beauty or pleasure and can only fall back on a monolithic view of lust as something men 'do' to women.

Strip back the hysterical cant, and Paglia is on to something. Indeed, she's managed to popularise a debate which has been raging internally in the women's movement for the past decade. As Australian feminist scholar, Elizabeth Grosz noted recently in an interview with the Sydney Morning Herald, many feminists disagree strongly with the essentialist critique of patriarchy popularised by authors such as Naomi Wolf. Says Grosz: "Wolf is part of a return to telling women what they should or shouldn't be doing. She sets up an appearance-reality split which I find deeply disturbing because it presumes that we have layers of appearance we can peel off and get to the 'real' woman or person underneath."

Grosz's comment fingers something dear to Paglia's heart: the centrality of the mask to Western philosophy and, in particular, aesthetics. The title of her major work, Sexual Personae, was inspired by Ingmar Bergman's film Persona, meaning literally clay or wooden masks worn by actors in Greek or Roman theatre. Western personality, Paglia argues, originates in the idea of mask, and society is "the place of masks, a ritual theatre". Underlying this theatre, Paglia discerns an age-old drama, the conflict of reason and nature.

In an abandoned preface to Sexual Personae, she wrote: "Civilisation is an ethical stronghold, the Appollonian palace that reason has built... Sadean nature, the dark hero of Sexual Personae, is the Dionysian... raw, brute, earthpower'. In Paglia's thesis, the gross continuum of nature lurks just below the surface of culture always threatening to spill over. The nature-culture split is a well-worn dichotomy, but it explains why she has little sympathy with liberal attacks on Western reason and culture. In their zeal to critique the rigidity and hierarchical logic of patriarchy, Paglia argues that liberals have fallen into the trap of romanticising nature and forgetting the pagan chaos of the swamp from which we emerged.

It's an old thesis based on an essentialist view of history, nature and culture. And, ironically, it's one which leads Paglia down the same path of crude biologically-based distinctions which the feminists she criticises have followed. Despite her own calls for greater scholarly rigour and her claims that modern humanities academics are poorly or narrowly trained, Paglia's own intellectual inquiries ultimately lack depth or consistency. Her engine is reactive rather than inventive.

Despite this major weakness, however, Paglia does have something to offer current debates. Her brutal honesty is a welcome relief from the pussy-footing self-justification which often passes for analysis in cultural studies and theory forums these days. In an era where oppositions seem to be dissolving, where it's getting harder to tell your left from right, Paglia's brand of hysterical opposition is a strangely appropriate antidote. As a theorist she has a lot in common with the 60s rock 'n' roll she loves so much—it's a raw, angry energy which refuses to be fed pacifying words. And, in this sense, she may be just the irritant contemporary liberal debate needs.

CATHARINE LUMBY is a Sydney freelance journalist.
THE BUMPER ALR FAREWELL QUIZ

So you think you've got to know ALR pretty well over the years? Think you've delved right into its grubbies corners? (Rather you than me.) Here's your chance to prove it. We put together a fiendishly difficult quiz to find out how much you really know about "Australia's leading progressive magazine" (and if you know who first said that, give yourself an extra point).

1. ALR started publication in which year?
   a) 1956  b) 1966  c) 1979  d) 1989

2. Its immediate predecessor was:
   a) The Nation Review  b) Left Quarterly  c) Labor Forum  d) The Communist Review

3. When ALR's first issue came out its present editor and assistant editor (pictured below) were how old respectively?

   a) Conforming to the constitution and rules of the Communist Party  
   b) Within the framework of an open concept of Marxism  
   c) Contributing to the pursuance of class politics  
   d) Long ones

5. What was the first occasion on which ALR found itself on the front page of a major daily newspaper?
   a) In 1966, for an article on the dialectics of nature  
   b) in 1971, for an article on the revolution and free love  
   c) in 1990, for an article by Peter Baldwin  
   d) in 1993, for an article about the magazine's impending demise

6. Since 1986 how many many feature articles has ALR published on the future or internal politics of the ALP?
   a) six  b) ten  c) fifteen  d) twenty-four

7. In 1990 which cultural commentator was quoted in an interview in ALR as follows: "Realism has nothing to do with it...The reality is in the imagination and in the heart more than in the fact of the thing itself"?
   a) Jean Baudrillard  b) Helen Garner  c) Raymond Williams  d) Bill Collins

8. One institution has been ALR's largest debtor in every financial year since 1986. Who?
   a) Penguin Books  b) CPSU Overseas Publications Section  
   c) Melbourne's International Bookshop  d) News Ltd

9. In 1991 one disgruntled reader described ALR as:
   a) slightly to the right of George Bush  
   b) a national disgrace  c) a load of hot cocky shit  
   d) a tepid bath of social democracy

10. What was the most embarrassing prediction made by an ALR contributor in the last seven years?
    a) That the British monarchy was safe from any threats to its stability  
    b) That the people of Yugoslavia were "not prepared to have a war among themselves".

11. Between April 1988 and May 1990 ALR ran a column entitled 'Letter from Ephesus'. Its author left to take up what job?
    a) Arts editor of The Bulletin  b) Literary editor of The Australian  
    c) Editor of Vogue  d) Plumber and gasfitter

12. On the cover of our November-December 1989 issue predicting events of the 90s ALR ran an illustration of a famous landmark being torn down. It actually was torn down several months later. What was the landmark?
    a) Sydney's Capitol Theatre  b) Lenin's mausoleum  
    c) Marx's headstone in Highgate cemetery  d) the Berlin Wall

13. In 1992 The Australian ran a front page lead story based on our interview with Senator Peter Walsh. What did the headline suggest was Walsh's most newsworthy comment?
    a) That Paul Keating had "a capacity for self-delusion"  
    b) That One Nation's tax cuts were made "in total ignorance of the fiscal requirements of the day"  
    c) That he described One Nation as "a very mixed bag"  
    d) That he wanted to take his bat and ball and go home

14. Following the same interview, who said: "The only thing Senator Walsh has done is bring ALR back to life. I thought it had gone out of business"?
    a) John Laws  b) Bronwyn Bishop  c) Paul Keating  d) Kerry Packer

15. Also in 1992 a well-known media commentator wrote approvingly of ALR's profile of Stuart Littlemore in the following terms: "We've warned about pedantic Stuart's elitist snobbism in the past. It's interesting that ALR is the latest recruit to our Stop Stuart's Snobbism Now campaign." Who was the commentator and where did he write?
    a) David Bowman in Modern Times  b) Michael Barnard in The Age  
    c) David McNicholl in The Australian  d) Gerard Henderson in Media Watch

(Alert: he has since claimed never to have agreed with a single article published in ALR.)
16. In April 1990, who said in ALR: “I can’t speak for anyone else, but I know that I will certainly continue to read Das Kapital in the bath”?
   a) H G Nelson  
   b) Erich Honecker  
   c) Michael Dwyer  
   d) ALR’s editor

17. About whom was it said in ALR in June 1990 that they worked “as much as two or three hours a day”?
   a) Workers in Yugoslavia  
   b) ALR editorial staff  
   c) John Hewson’s joke writers  
   d) State Rail Authority employees

18. Who complained about ALR using their logo on the front cover of the magazine?
   a) Neville Brody  
   b) The Red Cross  
   c) Telecom  
   d) The CPSU

19. When ALR interviewee Alec Nove visited a former aircraft factory in Moscow in 1990, what were they making?
   a) Ploughshares  
   b) Gorbys dolls  
   c) Kitchen hardware  
   d) Arnott’s biscuits

20. Whose favourite book of 1990 was This is the South Coast News and I’m Paul Murphy?
   a) Dale Spender  
   b) Peter Baldwin  
   c) Phillip Adams  
   d) Paul Murphy

21. Which ALR columnist claimed to have taught former NSW Prisons Minister Michael Yabsley all he knew?
   a) McKenzie Wark  
   b) Penelope Cottier  
   c) Dr Mary Hartman  
   d) Diana Simmonds

22. In the 1990 ALR readership survey, what percentage of respondents denied that reading the magazine was “a chore”?
   a) 95  
   b) 74  
   c) 62  
   d) 47

23. According to the same survey, which one of the following descriptions of the average ALR reader was true?
   a) Married with children  
   b) Gay  
   c) Takes illegal drugs  
   d) Works in the public sector

24. ALR has come in for a lot of criticism over the last few years, much of it from within the Left itself. Three of the four last critical letters published in the magazine were written by members of what body?
   a) The National Civic Council  
   b) The Centre for Independent Studies  
   c) The Central Committee of the CPSU  
   d) The SEARCH Foundation, ALR’s funding body

25. Who, according to ALR, was “corrupt and evil at his worst, mildly annoying at his best”?
   a) Peter Reith  
   b) Bart Simpson  
   c) Saddam Hussein  
   d) John Singleton

26. Which notorious celebrity did ALR’s editor share a taxi with in August 1991?
   a) TV’s Derryn Hinch  
   b) Sylvania Waters’ Noelene Donaher  
   c) Mass murderer Wade Frankum  
   d) ‘Abducted’ singer Gypsy Fire

27. Which book, reviewed in ALR, was described as “a paradigm of really useless polemic”?
   a) From The Prophets Deserts Come by Boris Frankel  
   b) Mates by Fia Cumming  
   c) Babywatching by Desmond Morris  
   d) Economic Rationalism in Canberra by Michael Pusey

28. Which federal politician interviewed by ALR in the last three years claimed that “I’ve always regarded myself as a leftwinger”?
   a) Graham Richardson  
   b) Peter Walsh  
   c) Amanda Vanstone  
   d) John Howard

29. Which one of the following headlines has never been used in ALR?
   a) ‘After The Wall’  
   b) ‘After Karl and Beatrice’  
   c) ‘After Social Democracy’  
   d) ‘After The Love Has Gone’

30. What is the name of the cocktail bar where ALR employees habitually congregate on Friday nights after work?
   a) Decadence  
   b) Indolence  
   c) Dissidence  
   d) Abstinence
BEYOND SANCTION

As if in a gesture of Extreme Unction for ALR, this week I received an unsolicited copy of Eureka Street in the mail.

I was one of the subscribers to the now defunct Modern Times and became, by default, a subscriber to this well-produced and worthy journal. I wish it well. I have always been a great admirer of the Society of Jesus. Its founder Ignatius Loyola’s Spiritual Exercises should be required reading for everyone involved in plausible politics, policy formation and questions of ethical conduct. As Roland Barthes put it: “the language of interrogation developed by Ignatius is aimed less at the classical question of consultations: What to do? than at the dramatic alternative by which finally every practice is prepared and determined: To do this or to do that?”

Not inappropriate questions, I would have thought, either in the immediate context of a federal election or, more importantly, in framing the sorts of questions that need to be posed about the logics of contemporary politics and political culture and how we—construe that ‘we’ widely—approach those logics.

But I probably won’t renew my subscription to Eureka Street when it falls due. Like Modern Times and, much more stridently, the new Arena Magazine (which has its own Jesuitical ethos), Eureka Street is organised around the question of “What to do?” or, in a different but not unrelated ethos which will evoke both fond and fearful memories in many an activist: What is to be done? Reading a piece in one of these magazines is usually marked by expressions of ‘mmm...yes...what a disgrace, or what joy...’ But then what? Very few journals or magazines in the ‘non-commercial’ circuit have been able to move beyond this threshold and not look like the quarterly newsletter of the Office of Local Government. ALR was one of them.

The great value of ALR over the past five years or so was to shift the register and complicate the questions: questions not so much of this or that as of this and that; questions not of market or community but their necessary interrelations; questions not of public or private but of their variable historical and contemporary thresholds; questions not of workers or consumers, but both at the same time. I don’t know of any other magazine which has been doing this systematically. We’re talking here not simply about magazine and journal culture, but also about a political environment in which most that is solid has melted into air. ALR captured some of the process and shapes of that melting without undue despair and with a positive orientation.

When I left the UK in 1984, Marxism Today was steadily building its high ground as the left journal of opinion: a position it maintained for some time. It informed some of the workings of the Kinnock ‘kitchen cabinet’ (to no avail apparently) and provided a forum for some very exciting ‘revisionist’ left opinion to the extent, thank God, that the word ‘revisionist’ disappeared. The early Marxism Today was boring but transformed itself into something else and eventually died in the process. This was a pity. The analogous demise of ALR will also be a pity, but perhaps not so terminal.

The problem is that both were born as specific vehicles and genres, as journals directed to education and the encouragement of a higher level of debate (beyond the exigencies of day to day activism) for political cadres. Their spilling into the mass market, such as it was, was more often accidental than a matter of policy, at least in the earlier stages. Their marketing and distribution strategies had been based on the commitment of political cadres at meetings, street corners, political events and through minimal but secured distribution networks. When they moved beyond this framework they met problems.

ALR’s requirements have always been determined by the prior (but residual) constraints of its political history as an ‘organ’. Now that almost every non-theocratic country in the world has moved beyond the idea of a ‘mass party’, the organ is not really a terribly useful appendage. Political parties with even the slightest pretension to government are becoming smaller, not larger. Movement are becoming more specialised and the term ‘mass movement’ has almost disappeared from the political lexicon.

It is manifestly difficult to maintain a relatively specialised magazine on a commercial basis in a large country with a small population. Even more difficult when that magazine has to move, realistically and pragmatically, beyond the relatively guaranteed institutional audience of the political party or movement and beyond a sanctioned or delegated responsibility to that institutional form. ALR had been doing this for a while and the tensions were beginning to show.

There is now no place for a viable sanctioned journal of left opinion, commentary and critique in Australia, for the simple fact that there is no one agency capable of providing the authoritative or financial basis for that sanction. The idea of a magazine working directly according to the logic of educational influence has run its course. This is not a libertarian argument, it’s simply a recognition of two factors. First, that audiences matter; second, that the political landscape has been massively and rapidly transformed by global and national events and influences. At first, ALR sat nicely in the cracks caused by this transformation and indeed helped to open a few itself. But then it slipped through.

Coming, as it does, less than six months after the demise of Modern Times, this leaves Australian independent publishing significantly impoverished in ways that neither Eureka Street nor Arena Magazine will be able to compensate for. But if it makes us think about what genres and forms of communication are now appropriate to diverse audiences, then the demise of ALR may hopefully lead, a little way down the track, to a significant recasting of forms of communication and address, which undoubtedly remain vital to political culture. Maybe the results of the election will sharpen our minds on this.

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If the 1991 Job Statement had put all three together in a package, and added around a billion or so more on direct job creation through local government programs, the problem of unemployment and low investment which still plagues the nation would have probably been significantly reduced by now. But the bits and pieces approach since November 1991 has been too small and too disjointed to produce the necessary results. One Nation II will add $2.5 billion to the budget deficit over a four year period without a single new job being guaranteed to result. The government appears to be treating these so-called economic statements as political tools to try to head off the Coalition. The only other conclusion is that they are getting very poor advice from their well-paid staff and/or the bureaucracy.

All three statements demonstrate the same difficulty: the time-frame involved in setting a policy parameter and waiting for it to work is too long for the media, and probably for the media-besotted public. The public seem to believe that if a new policy is not announced each month or so then the government is not doing anything about the economic malaise. The fact is that policy parameters should be only infrequently changed because too much discretionary variation only clouds cause and effect. One Nation was a modest initiative, but even so the effects of the spending boost are only going to be seen in the next 12 months. One Nation has not failed; it just hasn’t started to work yet because of the lags in implementation and effect inherent in any economic system.

However, considered in isolation from this history of politically-driven announcements, One Nation II contains economic initiatives which are both good and bad. It has three basic components: a business incentive plan for investment; a recognition that more compassion is needed to alleviate some of the problems arising from the recession and the large number of working mothers; and a toothless apology that financial deregulation gave us more problems than benefits.

The business incentive plan involves a 10% general investment allowance supporting the depreciation benefits in One Nation and generalising assistance to all sizes of business—as well as the surprising ‘catch-the-coalition-with-its-pants-down’ reduction in company tax rates to 33% from the already too low 39%. These tax cuts will improve the cash position of firms—but then so did the substantial wage moderation of the 1980s, which was largely wasted in the frenzied feeding in the share and property markets. But given dividend imputation the move is really a transfer of the tax burden from companies to shareholders, although it may stimulate interest from overseas companies. The increased gap between the corporate tax rate and the top personal tax rates provides further incentive for the Hewson-style tax cheat mentality unless top personal rates are brought down significantly. And the loss of fiscal flexibility from continued rounds of tax cuts is damaging to the role of the public sector in the economy. While, in the short run, continued privatisation of the Commonwealth Bank and some nifty rearrangement of the timing of company tax payments may help pay for the loss of revenue, over time the structural addition to the deficit will have to be addressed.

One Nation II also seeks to demonstrate some compassion. It expands child-care places (150,000 by 2001), introduces a 30% cash rebate on expenditure up to a weekly limit depending on family size, and gives the unemployed more scope to work part-time without penalty. However, the child-care rebates are not targeted, a break with the more sensible approach adopted by the government previously of strictly means-tested assistance.

With welfare budgets under constant attack it is surprising that the government would allow the public purse to subsidise the affluent—who have not been the main sufferers in harsh economic losses associated with unemployment. I would certainly have made the assistance more generous by...
targeting it to those who need it the most. Yet the proposal is still superior to the Coalition's plan of providing a tax rebate for child-care expenses. For a start, the beneficiaries will not have to wait until the end of the financial year to get the cash assistance.

There has always been a problem with the interface between the labour market and the welfare system. People on unemployment benefits often get caught in the poverty trap, because they lose disproportionate amounts from their benefits if they earn even modestly from part-time work. The incentive to work is thus lost. One Nation II addresses this issue by allowing an unemployment benefits recipient to earn up to $990 a fortnight without any benefit reduction. This clearly helps the unemployed to increase their disposable incomes and perhaps maintain some sort of attachment to the labour market. And it may increase the probability of re-entering full-time employment as it becomes available.

But it also may institutionalise the unemployment dilemma. We simply cannot be content with hundreds of thousands of people eking out an existence through a mixture of unemployment benefit and part-time work in some dead-end job. It would have been far better to increase the dole payment directly. This would have stimulated aggregate demand, relieved the income deficiencies of the unemployed in general and provided an incentive to government to get people back into full-time work.

In fact, the chief failing of the government's stance since November 1991 has been the lack of real effort to get the job market moving again. Initially the government claimed that rising unemployment was largely due to structural factors and thus that individuals themselves lacked the necessary skills. So the victims were provided with training schemes. Still the unemployment queues increased. In fact, the overwhelming proportion of unemployment is due to demand deficiency arising from a downturn in investment—probably as a reaction to years of ridiculously high interest rates. There has been no demand, no sales, and no reason for firms to fully employ the labour force.

One Nation recognised this but gave only a muted and staggered stimulus. The government strategy is like a snowball; it takes a long time to roll into any sort of reasonable size. There will be no immediate jobs emerging from this package.

Yet, while it is easy to criticise any initiative in the current very difficult economic circumstances as inadequate, the fact remains that modest growth is returning to the economy and significant productivity gains will be forthcoming as the co-operative approach to industrial relations continues to rearrange our antiquated workplaces. The government strategy remains superior in every way to the mayhem which will follow if the Coalition is let loose on the nation.

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ROUGE AWAKENING

In April 1992 heavily-armed Khmer Rouge troops stormed a village in central Cambodia and murdered seven ethnic Vietnamese civilians.

The UN's Transitional Authority in Cambodia (UNTAC) sent a representative to the village, and locals appealed to UNTAC to station ten troops there for their protection. But this was not done and, in May, the Khmer Rouge struck again. The people have lost hope, a local official said. Nearly 1500 people fled the village. In July, near the Vietnamese border, an ethnic Vietnamese couple and their seven-day old son, four other children aged seven to 16—Cambodians whose grandmother was Vietnamese—and their uncle, were all massacred and mutilated by Khmer Rouge gunmen.

And the Khmer Rouge threatened yet another racial pogrom after the US Chief of Mission in Phnom Penh, Charles Twining, stated his fear that history might repeat itself, with bodies of ethnic Vietnamese floating down the Mekong as in 1970. Khmer Rouge leader Khieu Samphan shot back: "If the Cambodian people cannot see a peaceful resolution to the problem, they will seek other means. So Twinning's nightmare might become a reality".

Khieu Samphan was as good as his word. In October the bodies of ten ethnic Vietnamese civilians were discovered floating off the Cambodian coast, and a senior Khmer Rouge commander admitted that his guerrillas had kidnapped eight more. In December 1992 the bodies of three more Vietnamese fishermen were found floating in the Mekong River in north-east Cambodia. Soon after, in what was described as "the deadliest violation of the Cambodian peace accord", two boatloads of Khmer Rouge troops entered a fishing village in central Cambodia and murdered 13 ethnic Vietnamese, including six females and
five children. According to a UN spokesman, "they asked villagers to identify the Vietnamese. Those identified were summarily executed..." The same Khmer Rouge attackers also murdered two Cambodians and wounded 13 others.

Most of the country's 450,000-strong ethnic Vietnamese community were expelled by the US-backed Lon Nol regime back in 1970, when bodies first floated down the Mekong. More were driven out by Pol Pot in 1975. The rest were systematically murdered by the Khmer Rouge and only after Pol Pot's overthrow in 1979 did some of the refugees return from Vietnam along with some newcomers.

The Vietnamese are not the only targets of the Khmer Rouge army. In July 1992, Khmer Rouge guerrillas mortared a Cambodian Buddhist monastery in Siemreap province, killing one monk and injuring three others. The temple was destroyed in the attack. Defectors reported to UNTAC that "a Khmer Rouge general executed their company commander" for his insistence on respecting the 1991 Paris Agreement on cantonment of troops under UN supervision. Khmer Rouge forces kidnapped over 100 UN peacekeeping personnel in eight separate incidents during December and January. They were all released unharmed, but the message was clear: the Khmer Rouge are backing up with force their demand that the UN keep out of Khmer Rouge zones. On 12 January this year, two UN electoral employees were killed in an attack on a UN base in northwest Cambodia. Witnesses said the attackers came from and then fled back to a nearby Khmer Rouge zone.

Since the October 1991 Paris Agreement, Pol Pot's Khmer Rouge have called the world's bluff, and the UN peace plan is in crisis. The international community has given the Khmer Rouge valuable time to aggressively expand its military control, move into the political arena, stockpile weapons, and collect vast sums of money, all without the UN control which the Agreement stipulates and to which the other Cambodian parties are subject. The Khmer Rouge have constantly violated the cease-fire. According to Senator Gareth Evans, the Khmer Rouge now exercise control over half a million Cambodians, triple the number under Khmer Rouge control before the UN Peace Plan went into effect in 1991. As the country's economy collapses through international pressure and continuing denial of aid, and the government discredits itself through corruption and a new wave of police repression, the Khmer Rouge again threaten the people of Cambodia. The Khmer Rouge's longtime allies, the US-backed parties led by Son Sann and Norodom Ranaridh, have also called for virtual ethnic cleansing of Vietnamese civilians from Cambodia. Ranaridh is the favourite to be the next Cambodian prime minister; with no army of his own he will need to rely on that of his opponents. The Khmer Rouge benefit from these divisions. Without resolute international action, they will become an integral part of the country's political future, despite their genocidal record in power in 1975-79, when 1.5 million Cambodians died at their hands.

Western diplomats have largely ignored the genocide issue. In 1988, Southeast Asian nations denounced "the genocidal policies and practices of the Pol Pot regime". But the best that Senator Evans could muster in his 1990 Cambodia proposal was a vague denunciation of unspecified "human rights abuses of the past". The UN Security Council, with the complicity of Gareth Evans, has brought the Khmer Rouge and their policies back to Cambodia. On 24 December the Far Eastern Economic Review concluded that "by the end of 1992 the chief result of the 'peace process' appeared to have been to legitimise the murderous Khmer Rouge".

The Khmer Rouge retain its place in the United Nations and in UN planning for Cambodia. Legal action against the Khmer Rouge has long faced Chinese and US opposition. But the US and Australia insist they would help a newly-elected government of Cambodia bring the Khmer Rouge to justice. This commitment must be strengthened. The new Cambodian government that emerges from the May elections must be given all necessary international aid to resist the inevitable Khmer Rouge offensive. ■

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LUCKY JIM

When Jim Anderton, leader of the New Zealand Alliance, visited Australia late last year, hosted by the Rainbow Alliance, the non-ALP Left had some cause to celebrate. The new party's meteoric rise had surprised everyone, not least itself.

The Alliance was leading both government and opposition in the opinion polls, Anderton had topped the National Business Review's annual economic credibility poll and a referendum had overwhelmingly endorsed electoral reform. The Alliance had not only campaigned strongly for proportional representation but is likely to be its chief beneficiary.

Anderton attributes his own credibility to the fact that he and others "stood out against the Labour government and its New Right policies". A former Labour MP and President of the NZ Labour Party from 1979 to 1984, Anderton resigned from the party in 1989 over the "sale of strategic public assets" and "user pays" approach. He became foundation leader of the NewLabour Party and in the 1990 election made NZ political history by being the first MP to resign from a major political party and successfully hold his seat at the next election. His South Island seat of Sydenham had been a Labour stronghold for 70 years.

Anderton was a prime mover in the formation of the Alliance in July 1992 (comprising NewLabour, the Greens, the Democrats, the Maori Manu Motuhake, and the Liberals), and was subsequently elected Alliance leader—despite some Green reservations about "hierarchical structures".

Claiming 12,000 members in its constituent parties, the Alliance is based on the 'rainbow' formula of the old Left plus social movements, though it has recently acquired some stranger bedfellows in the form of two disaffected National Party MPs. While the Alliance member parties embrace diverse philosophical and political values, Anderton insists that diversity is a strength, being testimony of a broad community base, and that in any case "more unites us than divides us".

Key planks of the common electoral platform include public ownership of strategic assets, restoring universal entitlements, progressive income tax (including phasing out the GST), a substitution of "fair trade" for free trade, restoration of trade union rights and pay equity legislation, and environmental sustainability. The Alliance promises to create 45,000 jobs in the first year with expansionary fiscal policy, spending $2.7 billion on social and economic infrastructure and environmental projects.

Anderton is clearly a believer in the capacity of government to determine national welfare and the culpability of the major parties in creating New Zealand's current economic plight. There is no doubt that the Alliance's promise to put "people before economics" and "human values before commercial goals" has struck a chord with an electorate which no longer has faith in market driven restructuring:

"The electorate is very disillusioned with the traditional parties. Labour supporters feel betrayed by Labour, National supporters by National. Many Labour supporters voted..."
This raises an obvious question of National to get rid of Labour because the terrible government to escape the appalling government doesn't grab them much. Because of the formation of NewLabour and the development of the Alliance, people in New Zealand now have a positive alternative.

While critics attribute Alliance support to a temporary bout of nostalgia—a yearning for a return to a prosperous, gentler and less troubled past—Anderton retorts that it is the major parties who are the creatures of the past. "Politically and spiritually bankrupt," he claims they have only survived because of the "antiquated" (single member, first past the post) electoral system which sustains them, and which will be abolished in 1996.

The Alliance is an electoral pact in which member parties will select a single candidate for each seat. They have no plans for a pact with Labour either before or after the election. This raises an obvious question of electoral strategy; given that the 1993 election will still be fought on the first past the post system, might not the split in the Labour movement save an unpopular National government just as the Labour split in the UK saved Thatcher in the 80s? Anderton steadfastly rejects any electoral pact with the Labour Party and maintains that the Alliance draws its support mainly from Labour voters in National areas and National voters in Labour seats. If pushed, he asserts that Labour is little better than National: "a plague on both their houses!"

And what if there is a hung parliament? The Alliance will not go into coalition with another party—that would be a "gross betrayal of the people who relied on us"—but it will allow the party with the most seats to govern as a minority government. The Alliance will not trade off its policies for the sake of participating in government, but will "stand and fight for what we believe in".

But on the face of it, Jim Anderton could still well be the next New Zealand Prime Minister. So should Australian advocates of 'rainbow' politics take heart?

Parallels with Australia are of course not all that strong. Our preferential electoral system and proportional representation in the Senate is somewhat fairer to third parties. No figure of Anderton's standing has quit the Labor Party. And the Australian Labor government has not succeeded in alienating the union movement to anything like the extent that the New Zealand Labor government did.

More fundamentally, it seems clear that the 'rainbow' strategy has problems when defined in opposition to social democracy and the labour movement. It frequently involves a curious marriage of those who see themselves as the true heirs to the labour tradition and those who regard that tradition as being part of an "Old Order". Activists in the mainstream labour movement are thus characterised as either misguided (but destined to come round eventually) or as "part of the problem".

Either way it necessitates the resurrection of the tired rhetoric of tweedledum/tweedledee and a vested interest in denying policy differences. On the face of it, it would seem hard for the NZ Nationals to outdo Rogemomics as a paradigm of free market rectitude. Yet even in New Zealand there are important differences between the major parties on industrial relations, welfare and nuclear free policy. While Labour's free-market spree carefully quarantined the welfare state, for instance, National has gutted it.

The second problem is a continuing faith in the Party as a vehicle for social movements. While the rise of the new social movements has been accompanied by an increase in the numbers of independents and third parties, it has also witnessed a decline in the centrality of the Party in several senses.

Parties nowadays are less the focal point of political life. Social movements are generally more concerned with creating their own space and influencing public culture than with seizing power for political purposes. And the maturity of the new social movements has brought a recognition that avoiding contamination or co-option does not require quarantine from the major parties and the everyday processes of government.

The seemingly direct line into government enjoyed by organisations such as the ACF miffs many Labor activists who see their branch resolutions ceremoniously ignored by their government. Labor activists are thus frequently the mirror of their counterparts outside the party, believing in sovereignty of the party and that well-meaning people should join the party and push for their ideas in the 'legitimate political battleground'. Their mirror image calls for good people to leave the Labor Party and join with others of like mind in a new party which is untainted by the sins of the past. Neither approach is likely to build effective networks between social movements (of which the labour movement is one of the oldest).

The third problem is the tendency to see a new party as necessarily representing a clear break from the past and the prevailing economic orthodoxy. While it is true that economic rationalism—insofar as it represents an approach which subordinates the social to the economic—has thankfully been losing the contest of ideas on both sides of the Tasman, it is unlikely that the policies of the 80s, which were one response (albeit deeply flawed) to changed national and global circumstances, will be superseded by their exact polar opposites. It is also unlikely that simply electing a party untainted by the sins of the past and committed in principle to a strong role for government will easily restore the living standards of the past.

It would be hard to argue with the sentiments which inform the Alliance's policy platform and one can only wish them well. But politically defining oneself and others according to whether they are inside or outside is, in reality, a rather old-fashioned and one-dimensional approach and hardly the basis for the creation of a new politics.

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Fightback II is not just about sprucing up the Coalition’s existing policies for a sceptical electorate. Rather, says Ian Cook, it implies a fundamental shift in attitude towards the role of government.

As the parties approach a fateful federal election, it is becoming clear that the political landscape over which the campaign is being fought has been transformed during the past twelve months. First Labor under Paul Keating redefined itself closer to its traditional image as the party of caring and collective sacrifice. Then in December the Coalition and John Hewson conducted an improbable about-face, abandoning most of the ideological substance of Fightback I in a revamped Fightback II.

The release of Fightback II was a clear indication that Fightback I had failed. But the extent of that failure was much greater than any commentators seem to have recognised. A close look at both documents leads to the conclusion that the Coalition had to reverse its policy direction in Fightback II.

The first version of Fightback I did not provide the basis from which the leadership of the Coalition felt they could win an election. So out went the baby and the bathwater. Fightback II makes no mention of a change to the way Australians think about politics. The idea that “there needs to be a generational change in the direction of public policy, in the role that governments play in people’s lives and in community attitudes” has been dropped. That ideological battle was lost, and the Coalition has stopped asking for a fundamental change of ideas on the part of the Australian people. The fundamental change required now appears to be on the part of the Coalition (whether appearances still count for John Hewson et al is another issue).

This is particularly evident in the revised conception of the role of government in Fightback II. In Fightback I government was, by definition, bad. The more it did the worse things got. Government had “robbed people of the freedom they need to build the kind of country they want”. It had got on Australians’ backs and had been the impetus in Australia’s increasing failure to perform. Its provision of welfare had undermined self-reliance. And, most of all, it had encouraged the development of a “culture of dependence”: government had left Australia in the position where “76% of Australians would work harder for the same pay and conditions if only the government would give them the opportunity.”

The answer was to redefine the role of government. This redefinition was in two parts. First, the role would be smaller; second, that role would be different. On the first point, Fightback I made the following claims: “The current size of government imposes a heavy burden on, and costly intervention in, the lives of individuals, families and businesses. The size and cost of government are excessive. Both will be reduced.”

Fightback II I was released because the ideologues of the Coalition—almost all of them in the Liberal Party—believed that Australian voters needed to be prepared for the changes that the Coalition would introduce when in government. “To ‘surprise’ the Australian people with our policies after the next election would not only be dishonest”, they wrote, “but it would also jeoparise public acceptance of the changes that Australia desperately needs.”
priorities, every area of government outlays will be scrutinised."

But the problem with government was not merely that it was too big. It was also the wrong mechanism to achieve a better society. The commitment in Fightback I to a significantly reduced role for government was also a result of a demonstrated incapacity on the part of government to 'deliver the goods'. As Fightback I put it:

Our own history testifies, and the collapse of socialism everywhere confirms, that economic growth based on individual private enterprise is the best way to generate a dynamic economy, to maximise freedom and to enable society to care properly for those in real need. Private enterprise is a means to an end and not an end in itself. It is the means to achieving a fairer and more genuinely compassionate society.

The conclusion reached in Fightback I was that "essentially, the role of government must be to provide a framework of policy and law within which people can plan in confidence". Fightback II implicitly rejected this idea. In Fightback II government is a recession-buster and not a recession-inducer. Private enterprise can't, by itself, correct the Australian situation and provide for those hurt by the recession, as it could in Fightback I.

But that's not all. In Fightback II the Coalition "also recognises the urgency with which the community is demanding government action to address the unemployment crisis and to provide relief from the immediate pain and hardship of the recession". In Fightback II government becomes the provider of a fiscal stimulus to a private enterprise that no longer appears to be able to do the job. While the $2 billion investment allow-
They are also asked to change their minds about the Coalition. *Fightback I* was not only an ideological failure, it was also a public relations failure. *Fightback II* was necessary to recast the Coalition in the minds of Australian voters. The representation of the Coalition in *Fightback II* has two main features: the Coalition is represented as a party of sensitivity and compassion; the Coalition is presented as a party that is committed to fairness. *Fightback I* does refer to fairness—but primarily fairness in terms of the equal application of laws and the provision of equality of opportunity. The ‘fairness’ of *Fightback II*, however, is fairness with respect to an already unequal society. The acceptance of the existence of social inequality seems to be behind the many references to ‘compensation’ in *Fightback II*.

*Fightback I* did mention the need to provide compensation for particular groups who would be affected by the implementation of its provisions. This is it:

While there are significant cuts to some social security outlays, the Coalition has sought to target assistance to the genuinely needy. The best example of this is that we have deliberately and significantly over compensated the aged, invalid, wives, widows, war widows, sole parents, service, disability and carers pensions.

The compensation in *Fightback II* is more extensive than this and represents “a major redistribution of income from those on high incomes to those on low incomes”. For example, a $2.2 billion reduction in tax cuts “is paid for solely by higher income earners”. This is not fairness seen as equality of opportunity and equal application of the law. This is fairness seen as redistribution. Even though the effects of the latter may be superficial, the intention of *Fightback II* is different.

While it would be too much to expect a full awareness of structural inequality in *Fightback II*, the change from *Fightback I* is clear. In *Fightback II* a sense of the different impact of Coalition policy on different segments of society is much more evident. The decision to exclude basic food from the GST was clearly a response to claims that the GST would fall most heavily on low income earners, a complaint which had been oft-repeated when a GST or VAT was first debated but which was ignored or denied in *Fightback I*. *Fightback II* also contains a number of measures designed to “significantly enhance the fairness of the package and offer some further assistance to ameliorate the effects of a recession that has proved worse than expected”.

An even clearer indication of the need to recast the Coalition in *Fightback II* is the prevalence of ‘sensitivity’ in its political vocabulary. *Fightback I* was obviously not perceived by enough people (if anybody) to be sensitive. Thus we are told that “the next Coalition government wants to be sensitive to the impact of (its) reforms on the community and to ensure that the benefits of (its) reforms are shared fairly”. A Prime Minister’s Community Panel will be created to ensure this sensitivity.

The role of this panel will be to give the Prime Minister advice directly, in meetings, every few months, on the economic and social conditions which are affecting people, particularly families and the lower paid. It will monitor the implementation of our reform package and its fairness to Australians. The advice of this Panel will help to ensure that the Prime Minister is kept in touch with the views, feelings and hopes of the Australian people.

An Office of the Family will also be created in the Department of Prime Minister and Family to allow the prime minister and his Community Panel “to monitor the impact of *Fightback I* on Australian families”.

*Fightback II* makes it pretty clear that the Coalition’s pollsters had told its leadership that the poor reception of *Fightback I* was a result of a widespread perception that the policy package was unfair and insensitive. To make the Coalition appear fair and sensitive has required an ideological backflip on its part. That backflip was necessitated by the failure of the Coalition to win the ideological battle and bring enough Australians to their ideas about politics. As a result the Coalition has had to present what appears to be a fundamentally new policy program.

This new program involves a role for government unimaginable within the framework of *Fightback I*. It also suggests some recognition of the existence of structural inequality.

Fairness has had to be redefined from equality of opportunity and equal application of laws to equity of impact on socially unequal groups, and sensitivity has had to be produced where none was detected before. This could be a return to the sort of liberalism we had always had in Australia prior to the reborn Right of the 80s. It is certainly an acceptance on the part of the Coalition that it has not won, and cannot win, the ideological battle before the election.

*Fightback I* failed. A battle has been lost, but Hewson and the Coalition would be unlikely to concede that war is over; would anybody believe them if they did? The test now is whether Labor will be able to up the ante on the Coalition’s revamped social liberalism. It can no longer portray the Coalition as dry ideologues; can it instead successfully portray them as half-hearted converts back to a creed to which Labor has always ‘naturally’ adhered?

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Dick Warburton was born in South Australia in 1940. He joined Du Pont in 1966 and became a marketing manager in the mid-70s. After some years with the parent company in the US, he returned to Australia and in 1987 became Group Managing Director of Du Pont Australia. He is on the board of the Australian Manufacturing Council, is vice-president of CEDA and a member of the Business Council. He was interviewed for ALR by Clare Curran.

You’ve been involved in the Best Practice Taskforce. Can you tell me something about it?

It came about in 1991, when Hawke was convinced by Cabinet that everybody should put a lot of effort into best practice. At that particular point in time, three different departments were all doing various things in best practice. Because of that division, not much was being done, even though quite a lot of effort was going into it. So Hawke decided that we should bring it all together under the Department of industrial Relations (DIR), set up a structure to get the best practice firms to acknowledge who they are, and then to use them as examples for the rest of the industry. An amount of $25 million was set aside for two years. That money was not a gift to firms which have good practices. They had two very strong obligations. One was that each of those firms accelerated the pace of change. But the second, and by far the more important, was to help the firms disseminate what they were doing. The part that pleased me immensely, but also made it very difficult, was that in excess of 400 firms applied, of which around half could be described as having very good practices in workplace change, multiskilling, management practices or occupational health and safety. There were more than 250 which we classed as having very good practice, and the difficulty was in bringing them down to 43.

And what do you do with them?

Now that we’ve identified them and identified the sort of practice they’re doing, they have an obligation either to have other people visit their plants, or to go out and tell other people what they’re doing. That’s what the money’s

Australia’s managers are one of our big obstacles to industrial success. But not all are trapped in the Dark Ages. Clare Curran spoke to Du Pont’s Dick Warburton, a man at the leading edge of workplace reform.
Unions have had a confrontational approach to management, just as management has had a confrontational approach to the unions.

The real key to workplace culture is the true interrelationship between worker and management. That doesn't exclude the union—we do it with the union—but you shouldn't have to work through an intermediary.

So what is the new role for the unions?

It'll lean much more towards education and services for their people; services in the areas of pension planning, for example, and education about multiskilling and accreditation of different skills. For example at one plant I was very pleasantly surprised to learn recently that there is not one operator on the same pay these days. In the past, of course, every operator would have been paid exactly the same sum of money, every assistant operator would be paid the same amount of money, every cleaner exactly the same. Now they're all on different pay scales, because now we pay for skills acquired. And incidentally, management doesn't decide what their skills are. Most of the skills committee are workers from the shopfloor.

Where the union has been tremendously helpful there is in helping us to understand how you get the educational skills of the workers up. Those are the sort of things I think the unions will evolve to, because if you dump the worker-management relationship and you've got the communications lined up, you really don't need the unions to be the chief advocates for rules and regulations. But unions will still be around for a long time, because not everyone's going to get that relationship right.

Are you saying that the workers become better at performing that role themselves, and that that happens through enterprise bargaining?

Yes. That's exactly it. The beauty of enterprise bargaining as I see it, providing it's done correctly, is that management and workers fully understand the goals of that particular enterprise. When you start working out how one should be paid for a certain task, you find that the workers come to the same assumption as management. I'm talking about it on a very theoretical level, but some of the theory is working out in practice.

And that will happen more and more, because word has leaked out that it's working extremely well.

But doesn't this lead to the logical conclusion that enterprise bargaining will succeed only throughout the bigger industries, where there are large groups of organised workers, and industries where there has traditionally been industrial strength?

When people put that argument forward, my first reaction, I must admit, was to agree. But then when we were searching around for best practice, we came across a lot of small companies, with less than ten employees, where the relationship between management and worker is tremendous. Those firms essentially have enterprise agreements—even if not formal ones. But where you really find the problem is where there is no trust at any level between workers and management. In that case, yes, you do need a union to fight for their rights.

The question of trust comes back to the quality of management in Australia generally. Is it by and large mature or is there still an awful lot of work to be done? And how do you think Australian management culture rates internationally?

My gut feeling is that we've probably got 15-20% of management that's up there in the top class. We've probably got the same number that are right down at the bottom and are the pits. In between you've got an amorphous mass that are probably average. I'd find it hard to say that it's backward, because wherever I've been in the world, the UK, Europe, Japan and America, it's more or less the same. I think the old 'them vs us' approach that we've had over the years has been far stronger than in many other countries, with the exception perhaps of the UK. And that's led to a slow acceptance of this trust.

Do you see the industrial relations system in Australia as a hindrance to the development of...
workplace cultural change?

It's not a hindrance if you look at the firms that have already done workplace cultural change. At Du Pont we've essentially had an enterprise agreement since 1985. It's not a formal agreement, but it's based on the same principle. So you don't need to change the system to get these changes. However, I believe the system changes by evolution anyway, and in the last five years there have been some dramatic shifts, including the very fact that One Nation discussed enterprise bargaining from the Labor side. Now three years ago they weren't even talking about enterprise bargaining.

You mentioned that there's been tremendous change in the last five years. But where are all these companies, where are all these enterprise agreements, where is this significant change?

One thing that slows it down enormously is the compulsory attendance at the Industrial Commission. Quite often, when you've already reached agreement, you've got to put your case before the Industrial Commission, which may or may not agree. Whether it does or not, you've still got to mount a major campaign to get it through, and it's very time-consuming, maybe six months or more. Consequently I would agree with the Coalition's policy of having voluntary appearance at the Industrial Commission.

Are you arguing for a downgrading of the Commission's powers?

Yes, but not for its axing, because I think that people who can't come to some form of agreement still want to use it as an umpire. And I think that's a role that it plays extremely well, rather than being judge and jury. So I don't think it should be axed, but I do believe it should be allowed to have voluntary appearance.

One of the Coalition's arguments is the importance of preserving the managerial prerogative—giving managers the right to manage. What's your attitude to that?

I don't believe the manager's got any more right to manage than anyone else in the community. They've got a job to do. My role here, for example, is to try to pull the best of this corporation together and get it going. But that doesn't give me a right to manage. I believe you've still got to manage by consensus. I'd buy a lot of arguments in management circles by that statement, because people say that's too slow, and it doesn't show decisiveness. I would argue that yes, it is a slower process, but the implementation of the process is then extremely rapid. It means you've got to put some more upfront time into it. And to people who want to get out there and make decisions, that's frustrating. It was to me when I started.

How significant is the role of middle management in workplace change?

Well it's significant to the point that if they're not educated and trained properly, they're a barrier to the process. That goes for middle union people too, because both are threatened and neither has been trained for the changes. We're trying to say to managers these days: we don't want you to manage, we want you to lead. So it's a facilitative process, to be a resource, to be a guard and counsellor. When I started I wasn't trying to do that, I was trying to manage, make decisions, use the rulebook and so on. But I learned over the years that that was only ever any good while I was standing there; the minute I went off to do something else, they didn't know what to do, because they weren't understanding. And that was not a practical way to get people to run an enterprise in a sustainable fashion. So we've spent a lot of time training and educating middle managers to accept workplace change.

What's your view of the training guarantee levy? There are sections of the business community who think it's interventionist and unnecessary, and something that has been forced upon them.

I don't have a strong view about it, because we're so far in advance of that that really it's never bothered me or my company. I agree that management's role is to help train and educate their people, be it management staff or workers. However, I can understand that a small workshop with maybe only three or four people might resent having to spend one and a half per cent of their money on training. One argument put by business supporters of the levy is that there are an awful lot of little firms that don't put in the money for training, but then go and pinch the people who have been trained. And so those who are putting the effort in probably say, yes, we think it's a good thing. Those who don't have training probably say it's a bad thing. I'm not quite sure.

I'd like to explore your attitudes towards the industrial policies of the two major parties. Do you feel that if a Coalition government was elected federally that we would be forced into an era of industrial confrontation, and that we would end up going backwards?

I personally think that the policies have come very, very close together in the last five years. I don't believe there's a vast difference between the current government's policies and the Coalition's. I see two major differences: on the role of the Industrial Commission, and I've already given you my thoughts on that; and on voluntary unionism. I personally think things are going to evolve that way anyway.

Towards voluntary unionism and reduced powers for the Commission?

Yes. Of course if you said that to Bill Kelty or Martin Ferguson they would not agree with you
'How can [Kennett] suggest that firms undertake enterprise bargaining when he doesn't even do it with his own public servants?'

on the spot, but I wouldn’t mind betting that privately they might come close to agreeing with that. To me, neither of those two issues is particularly big. Take voluntary unionism. I believe unions will be around for a long, long time. If I were a worker, I don’t think I’d vote to get rid of a union. I’d like to have that umbrella of safety there. Even if you’ve got worker-management relationships going well, you’re never quite sure whether that will last. We certainly don’t believe in getting rid of unionism. Having said that, I believe that neither workers nor management should have to put up with a bad union.

Would you agree, though, that the Coalition’s industrial policies would have the effect of reducing the role of unions in society, and in doing so would precipitate some form of industrial confrontation?

All they’re doing is allowing unionists to get rid of poor unions. If they forcibly try to get rid of unions, then I think there will be confrontation, and I certainly don’t agree with that. I also don’t agree with rapid change in some of these policies. Now what happened down in Victoria was distressing to me, from both sides. I believe that the Victorian Trades Hall Council has been excessively confrontational, but when you get a government on the other side that doesn’t mind having a big stoush, and decides to be confrontational too, then we derail, we go backwards over all the ground we’ve made up in the last ten years. So I get distressed by that, because I believe we’ve come forward enormously.

If that’s the case, are you concerned that what that might happen on a larger scale?

I’ve got to be concerned. However, I also believe from talking to the people who are involved on the federal scene, that they don’t have that same ‘crash through’ approach—even though the current government’s trying to maintain that they do. Only time will tell though. Unfortunately the political scare campaign doesn’t help the debate.

You’ve been quite vocal on that ‘crash through’ approach. For example you had quite a high profile during the APPM dispute. Why’s that?

What I say is that you might win that particular battle, but you don’t win the hearts and minds of the people you’re trying to get to work for you. In other words you don’t win the war. There’s got to be a way in which you can sit down and work your way through this. Now when I’ve spoken to managers at other companies, their attitude is that the unions are bloody hopeless, you can’t talk to them no matter what. Now I question how hard they’ve tried to do that, I really question whether they’ve tried hard enough. I believe that you’ve got to keep going the extra mile to try to get some consensus and understanding. Because if you use the crash through approach, you’re going to get a backlash. You’ve got to condition people to change. You can’t just suddenly decide we’re going to have change and this is the way it’s going to be.

Would you agree that that’s what’s happening in Victoria?

I see it coming from both sides. On the one side there’s John Halfpenny saying “we don’t care what the vote was, we don’t agree with it so we’re going to confront it no matter what”. And on the other side you’ve got a premier who’s saying he’s going to cut out leave loading and penalty rates, no matter what anyone thinks. And that doesn’t gel with discussion on enterprise bargaining. How can you suggest that firms undertake enterprise bargaining, when you don’t even do that with your own public servants?

What is your attitude towards penalty rates and leave loading?

I can remember the biggest argument I ever had with the Metalworkers’ Doug Cameron was when I told him that holiday loading was an anachronism. Up until then we’d had a great relationship! To me leave loading and penalty rates are an anachronism. But I don’t believe that you can just get rid of them overnight. You’ve got to negotiate, and there’s got to be a quid pro quo. You can’t just take it away. What you’re after, when you’re negotiating, is to get more flexibility in the workforce. Penalty rates don’t give you any flexibility. Holiday loading, incidentally, I don’t think matters very much. It’s just another one per cent of the salary, and if as a symbol it is so strong with the unions, then I wouldn’t go to the barricades on it.

But penalty rates is a different issue, particularly in some industries where people would make very little money but for penalty rates.

But that’s because the whole wage structure is not right. If you’ve got to earn extra money by getting higher penalty rates, then there’s something wrong with the wage structure. That’s why I say you should negotiate that out. I worked in the United States and did just that with the unions there. I don’t believe that Monday to Friday, nine to five, should be sacrosanct—that’s the working week, and anything outside that is penalty rates. I just don’t buy that. If you’re in the tourism industry and you want to work on the weekend but have Thursday and Friday off, why shouldn’t you have Thursday and Friday off? But why should you be paid time and a half, double time or even triple time, because you happen to work on Saturday or Sunday? Now having said that, you can still pay extra for particularly inconvenient times. But let’s negotiate that with the unions.

CLARE CURRAN is a Sydney freelance journalist.
In 1959, when their chief prophet, the British socialist G. D. H. Cole died, associationalist ideas looked dead too. The future still belonged to big corporations, large-scale mass production and efficient managerialism. National economic management would ensure steady growth, secure in an international regime of fixed exchange rates and free trade. The dominant logic of industrial organisation was standardised mass production, utilising capital-intensive special purpose machinery and predominantly unskilled or semi-skilled workers to produce long runs of standardised goods. Manual workers enjoyed in the main low autonomy and identified but little with the enterprise or its goals. The archetypical modern industrial employee was the alienated assembly-line worker. Mass production conferred competitive advantage on the large corporation that could fully exploit economies of scale and acquire a sufficient share of the market so as to be invulnerable to competition from all but a few comparable firms.

This world was shattered in the early 1970s. At the level of the international economy, four major changes occurred at an accelerating rate from the late 1960s onwards, and had become...
well-established by the 1980s.

- The stable and fixed exchange rates that were the primary object of international monetary policy in the Bretton Woods system broke down when the US dollar ceased to be convertible into gold in 1972, and, therefore, could no longer act as the linchpin of the system. The result was to promote the internationalisation of currency markets and intensify speculative dealing in them, leading to volatility and uncertainty in exchange rates.

- Financial deregulation in the 1980s strongly reinforced the trend toward the internationalisation and interlinking of the major equity markets—London, New York and Tokyo are linked by continuous interactive trading and the exchanges are vulnerable to rapid movements of large volumes of footloose capital.

- Supra-national economic and trading blocs—the two most important being the European Community and NAFTA (including the USA, Canada and Mexico)—were formed.

- The volume of trade in manufactured goods between the advanced industrial economies dramatically increased. Most markets for major industrial products are now international and major industrial economies now both export and import significant proportions of such goods, whereas before the 1960s home-sourcing was dominant and export markets between the major industrial nations were specialised.

The result of these developments has been a rapid change in the nature of competitive pressures and the forms of industrial organisation that are appropriate to respond to them. Growth in the international economy has become more volatile and uncertain. Markets for manufactured goods are now internationalised, less homogenous and less predictable, and firms are confronted with changing patterns of demand on a world scale and the complex differentiation of local markets. This has dramatically undercut the previously dominant company strategies of mass production for steadily growing and standardised mass markets. Hence it has been more difficult for firms to exploit long runs or to enjoy major economies of scale in manufacturing.

The most obvious consequence of these developments since the 1970s is that Keynesian strategies for national economic management have failed to maintain their effectiveness in the face of both the internationalisation of the main macroeconomic variables and their increasing volatility. Another obvious consequence is that a centralised national industrial policy that aims to promote industrial concentration in the interests of productive efficiency in exploiting the advantages of economies of scale is also less and less effective. Building national champions has less and less rationality, as the processes of competi-

'the errors of a centralised industrial policy can magnify those of firms.'
that is, constellations of firms in the same or related or complementary industries that typically share a common regional location. Such districts are highly diverse in their organisation but the most effective ones are those where firms have some ongoing collective and co-operative form of organisation, and where that organisation enters into partnership with a public body. Industrial districts provide firms with the equivalents of economies of scale in the provision of many key inputs and capital goods.

Industrial districts and the scale-mirroring advantages of collective services show that social governance of the economy has not collapsed, but that it has shifted in emphasis from national management of macroeconomic aggregates to the regional level and to the orchestration of co-operation and the provision of facilities by regional public agencies. Regional government has grown in salience partly because industrial districts tend to be clustered in this way, but also because this level of government has certain definite advantages in the new economic situation. Regional governments are of a scale where it is more possible for them to know in some detail the capacities of local industries and firms; they can develop, in Alfred Marshall's words, an 'intimate knowledge' of what they most regulate and sustain. They can both make well-informed decisions and seek consent from those prominent members of local firms and trade association leaders known to them. Regional governments also tend to be concerned with the success of local industry, with the pragmatic ends of local wealth and local employment, far more than with the ideological goals that national governments or major interest organisations frequently pursue.

The nation state, however, is far from losing all capacity in economic governance. Nation states remain political communities, and many have and will retain extensive powers to influence and sustain economic actors within their territories. Even within a strongly developed trade bloc like the EC, national states will have key economic integrative functions and they will retain military, cultural and legal functions and powers that are specific to them and give them certain capacities of economic intervention and regulation and that both the trade bloc and the region lack. Even if the technical powers of national economic management have declined with the internationalisation of key variables, the political role of government is still important, but as the facilitator and orchestrator of commitments by economic actors. The national state remains effective if it can draw upon and reinforce bases of co-operation and consensus among social actors. The national state has three key functions in this respect:

- It must construct and sustain a distribu-
The combination of increasingly socially fragmented but geographically localised labour and internationally footloose capital does not bode well for national-level corporatist economic governance. One cannot comfortably rely on exploiting existing legacies of solidarity and social democratic representation to offer employers a responsible workforce, a bargain they cannot refuse. The way has to be found to a new system of national interest representation, one that is differentiated enough to be inclusive of the more diverse economic interests in modern society and yet that is cohesive enough to promote co-operation rather than self-seeking conflict and lobbying. A new kind of corporatist concertation might be based firstly on processes of co-operation at regional level and secondly on the bargaining of regional and industry representatives at national level. This would be different from the present system where these industries and regions are not represented separately but through the interests of the participants in them as either employer or worker.

Associative structures thus offer a way forward in co-ordination through corporate social governance. The spread of co-operative and mutual ownership would tend to reduce the current gap between the wage worker, who sees the firm as a mere means to earn a living, and the manager, who acts as a steward of external providers of capital. Both would have distinct positions but common interests in an ongoing, self-governing association. Such forms of ownership would also help to facilitate the regional collaboration of firms and public-private partnerships. Labour would thus be united with the enterprise and capital would be rooted in the locality, rather than vanishing into the internalised market. New forms of capital made possible through co-operative and mutual ownership of enterprises and new types of financial institutions, such as regional industrial savings banks or industrial credit unions, would mean that capital funds would tend to be recycled regionally and invested in local work and wealth. An economy in which mutual institutions predominated would tend to localise basic capital and, hence, require less regional redistribution in the long run, because output and employment would be more evenly distributed between regions.

The aim of an associative reform process would be to move toward an economy in which small- and medium-sized enterprises are more salient than at present, where ownership is firmly rooted within a locality, where capital is predominantly raised within the region, and where collective services and economic regulation are provided by public-private partnerships between trade associations and the regional government. Smaller enterprises are more easily subjected to democratic governance by their own members and community representatives. The argument here is not against large-scale per se, neither claiming that 'small is beautiful', nor holding that local relations are inherently less alienating than long-distance or international ones. Small enterprises can be viciously exploitative and authoritarian, as any half observant visitor to a sweatshop will testify. The local can be the merely provincial. Sometimes, moreover, the large-scale is necessary.

The reason for decentralisation, in both state economic management and the structures of firms, is that this makes for both more informed and more accountable decision making. If the future belongs to quality, in both the products and in the lives skilled and individuated economic agents demand, then it can only be had by intimate knowledge of the processes whereby products are made and of the people who produce them. Management that lives by accounting data and the short-term is less and less effective in the competitive business of selling goods. It remains rife in sectors where service ought to be the primary goal—in public health, education and welfare agencies.

The concern for quality is in essence the belief that firms will only prosper by offering a genuine service through the goods they sell. Japanese management in the most successful companies does believe in offering service, and it has managed to get large enterprises to behave like small ones. In part this is because these enterprises do depend on small ones. Major Japanese companies have been able to reduce inventories through 'just-in-time' sourcing of components and have been able to enter into partnerships with allied firms to develop a continuous upgrading of components. This has been achieved by developing an ongoing social relation with suppliers through relational sub-contractors. This is a system in which a supplier by offering service to the bigger firm is rewarded by an ongoing relationship based on trust, where the supplier will receive information, advice and even capital investment to meet the demands of quality. That relationship is complex, open-ended and not 'transparent'; rather it is based on the exchange of knowledge through trust.

In countries like Britain, the US and Australia, of course, these sorts of relationships have developed only sporadically, if at all, and far-reaching regeneration is desperately needed. The most obvious kind of regeneration not to proceed with in this context is dirigiste central government industrial policy to be able to 'pick winners' with the aid of the country's big firms. The government ought to facilitate local economic action by appropriate permissive laws and by assistance of an appropriate kind.
The associative conception of the economy need not be parochial nor need it reject innovation and investment in new technologies. The Japanese township of Sakaki is an excellent example of a small industrial district that continues intensely local economic loyalties with production of goods like medical testing equipment and for international markets. The great advantage of associative ideas is that they can accommodate a wide variety of types and objectives of economic institutions: it is not tied to a single model of enterprise like the large hierarchically-managed mass-production firms.

An associative dimension to the economy is not being proposed here entirely for extra-economic reasons, such as that full democratic accountability requires the diffusion of ownership and an end to hierarchical authority in civil society. These are far from intrinsically bad reasons for seeking associative reform, but such changes will not be popularly accepted if they are held to involve less economic efficiency and produce less wealth. The argument here is that associative structures are in line with major changes in economic organisation, which favour quality products and skilled workers with some autonomy. Such changes mean that associationalism is a social route to economic efficiency, just as flexible specialisation is an organisational route to industrial efficiency.

At the same time, the danger of an international economy increasingly dominated by major hierarchically-governed transnational corporations is not inconsiderable; were such an economy to develop, then effective regulation and governance of markets by regions or nations would become impossible. Such global companies would try to square their top-down authority with involvement by, and identification for, their own members, particularly as all operations could not be run from a global head office. Firms would try to compensate for the effects of markets within their own structures, but would leave all without to the mercy of largely unregulated market competition. Governments would become mere municipalities providing local services. Associationalism offers a coherent answer to such problems and explains how we can compensate for the relative decline of the capacities of national economic management and, at the same time, preserve the community relationships that people continue unreservedly to desire. An associative economy would encourage people to set up in business for themselves, as self-employed artisans or traders, or in very small firms (up to ten employees). It would make capital easier to obtain for the small firm or partnership, provided employees were encouraged to join in through co-ownership schemes and participating management rules. Such a society would be attractive to those who do not like to be regimented, and quite unlike schemes built upon compulsory 'participation' in large enterprises under the illusory rhetoric of 'workers' control'.

An economy in which associative forms of organisation came to predominate would systematise those processes of public-private cooperation and co-ordination that already exist in the best-organised industrial districts and also generalise them across the society. The wider economy would gain all the benefits of regulatory decentralisation and the trust-based relationships characteristic of such well-governed districts. But the associative democratic basis of such economic institutions would add something else, the means to reduce conflict and to make co-operation easier. Self-governing enterprises that were more accountable to their members would tend to reduce the conflicts that have their locus in authoritarian structures and status differences within firms, conflicts that are the basis for the institutionalised divisions between workers and managers in political organisations. Also as associational forms permit pluralism, there would be done for industrial credit banks and with far more urgent need;

• to encourage public-private partnerships in the major regions (in advance of formal structures of regional government) in order to promote training, technology transfer, collective services, etc;

• to give priority in the structure of tax allowances to companies for investment in manufacturing, with special incentives for companies with less than 1000 employees in particular;

• to give incentives to co-operatives, labour-capital partnerships and other forms of employee involvement in firms' ownership and governance, such as employee share ownership plans;

• to promote competition, discourage mergers and encourage firms to decentralise and to contract out as many operations as possible to associative tenderers.

Such policies will take time to act, but a failing country's industries can only be effectively rebuilt relatively slowly by effort and enterprise, not by ministry fiat or 'national plans'. Given the right incentives, even in a far from propitious macroeconomic climate, the associative and small-to-medium-sized sector would begin to expand and to do so in places hitherto without hope of seeing firms opening again in manufacturing except through regional subsidies.

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be ample scope for different types of firms and different types of local public-private relations. The result would be to diffuse and decentralise the interests that lead to conflict. Civil society would be more open-textured and less dominated than it is now by big companies, big unions, and their respective political organisations. The result of such diffusion would be to make collaboration between enterprises and the public power less problematic, and, therefore, to ensure an ongoing dialogue between them.

There is no one best model of how to govern an industrial district, but there are some lessons that can be learned from existing districts. The aim of an industrial public sphere must be to concretise that industrial atmosphere that Alfred Marshall found the moving force of industrial districts like South East Lancashire in his *Industry and Trade* (1920). An industrial public sphere is an open-textured set of interconnecting networks and institutions to which all economic actors concerned are free to contribute. It is more general than specific contractual or co-operative relationships between firms, that may be closed in access for mutual advantage, or the provision of services by a public authority, which may involve some element of administrative discretion. It provides the context for more specific co-ordinative governance through the provision of collective services, local sources of investment finance, activities organised by trade associations and labour unions, and ongoing partnerships between firms. It requires either a sponsor or an obvious point of constellation between networks and activities. At the most formal that might be a corporatist forum, a regional economic chamber, underwritten by the regional government, and into which more local or industry-specific bodies channel their own networks and forms.

A region linked in this way has a centre in which the shape of the local economy and its problems can be discussed. Discussion can lead to local legislation, to public provision or co-ordinated action. An industrial public sphere turns a district from a series of co-present firms and networks in a district into a body capable of prevision and remedial action. It can mobilise support for the public financing of industry intelligence, market research and collective R&D. It would make the economies of regions resilient and tenacious, organised bodies capable of responding to new competitive pressures and preventing decline through remedial action. A public sphere is not an administrative machine, nor is it a state agency. It is neither public nor private and, above all, it is a means for circulating information and a forum for discussion.

Regional economic governance will work for certain dimensions of policy but not for all. Hence the need for a distribution of governance func-

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**In such a civil society the blurring of the public-private division does not lead to greater state compulsion.**

PAUL HIRST is professor of social theory at Birkbeck College, University of London. This is a greatly edited extract from his *Associative Democracy* (Polity Press, forthcoming).
A White Paper

...on the role of government in Australia. Last December the Reserve Bank governor Bernie Fraser called for a new statement of government philosophy along the lines of the 1945 White Paper Full Employment in Australia. This would set the terms of the debate in the era after the economic liberal ascendancy. In the interests of agenda-setting, we decided to take up Bernie Fraser's offer. So here's ALR's White Paper for government in the 90s.
As Labor distenanges itself from the 80s small government vogue, it needs a new model of good government to replace it. DAVID BURCHELL suggests that history offers some ideas.

A
t the height of the 80s boom and its attendant excesses, it became fashionable to talk as if government was in itself a bad thing, and that the less of it we had the better. The dead hand of government was stifling productivity, keeping the labour market unnecessarily rigid, and locking up potentially profitable industries in the hands of inefficient government monopolies. What could government do well? Well, it could be good at withdrawing from things it had done in the past.

However, over the last several years the tide towards minimal government intervention in the affairs of business has clearly come to a halt, and it may now even be going into reverse. First John Major in Britain, and now more decisively Bill Clinton in the US, have tried to articulate a new role for the government in the economy, from Major's tentative embrace of Germany's 'social market' concept to Clinton's more robust appreciation of the role of government in 'the work of nations'. And now, in one of the most spectacular turnarounds in Australian political history, even John Hewson has come to discover the necessity of some level of 'government intervention' in Fightback Mark II. The stage seems set for the Labor government to discover, or rediscover, a 'proper role for government', as Bemie Fraser puts it, as the centrepiece of its new agenda as it campaigns for its fifth term. In this at least the tide is running its way.

But how is such a model to be defined, and what are its historical roots?

Clearly, the time has come for a new, or renewed, model of government, one which can provide the general philosophical foundation for a more realistic approach to policymaking in the coming decade. This does not mean a return to some of the fantasies of the Left about a commanding role for the state in economy and society, whether along the lines of the old Soviet-style planning or of the much more nebulous radicalism of the 'new' Left of the 70s and after. Rather, it means a new understanding of the idea of government itself as an activity, one which cannot reasonably hope to shape society along the lines of Left fantasies, but which on the other hand is necessary to the functioning of society, contrary to the myths of the minimal government vogue.

Why did the minimal government model come unstuck? One reason is that the model was hampered by a lack of historical memory. For the simple if neglected fact is that there has never been a time when serious analysts of capitalism believed that it could govern itself without outside intervention. Not even Adam Smith himself, supposedly the figurehead of the minimal government vogue, believed that. Instead the history of the last three centuries of thinking about capitalism suggests that the crucial question has always been how to govern capitalism, and how to govern it well.

The debate really goes back to the 15th century political theorist Niccolo Machiavelli, the author of the classic The Prince. According to the French historian Michel Foucault, Machiavelli aimed to define an 'art of government'—a way of understanding the activity of government which could generate a model for the practice of government—appropriate to the modern, post-Medieval era. The particular system he arrived at was and has remained notorious for its ruthless advocacy of the rights of the prince to establish and maintain his sovereignty. More important than his system, however, were the debates he set off among political thinkers over the succeeding two centuries concerning the appropriate relationship between citizens and the sovereign in a modern secular state, and more particularly the most appropriate means of governing such a state.

One of these debates, concerning what its contemporaries called 'civic republicanism', harked back to the political language of active citizenship of ancient Greece and Rome. But the problem it pointed to was new, and was specifically concerned with the new developing market forces of an emergent capitalism. How, the civic republicans asked, could the emergence of what they called 'commercial society' be reconciled with the ideal of an active and public-spirited citizenship drawn from the ancient world?

The classic model of civic republicanism relied for its success upon a social and economic organisation of affairs—the diffusion of small-scale property-holding among what Thomas Jefferson was to call 'yeoman farmers'—which allowed citizens to behave in an active, public-spirited manner. Medi-
eval Europe had clearly not been the kind of society to encourage the civic republican ideal. But neither, it appeared, did the emerging forces of capitalism tend to encourage it. The civic republican ideal lauded 'virtue' over 'corruption' and the public over the private interest. Clearly the emerging forces of 'commercial society' tended to promote private interest over public interest. They also appeared to undermine the ethic of simplicity and austerity on which the civic republican model relied, replacing it with a lust for 'opulence' and 'luxury'. How, the civic humanists wondered, could the forces of private interest and individual self-aggrandisement unleashed by 'commercial society' be reconciled with a harmonious and equitable political order based upon a community of free citizens?

This was the dilemma to which Adam Smith and the economic liberals of the 18th century responded with his their well-known vision of the 'hidden hand'—a force which provided a coincidence between private interest and public virtue. Smith was confronting two distinct problems. On the one hand he had to respond to the charge of the civic humanists that the forces of individual self-interest in 'commercial society' tended to undermine civic virtue and encourage corruption. Smith responded to this charge by arguing that, properly governed, a commercial society could be virtuous—because, among other things, commerce encouraged sobriety and thrift.

On the other hand Smith was concerned to defend what he and his contemporaries called 'civil society' against the encroachments of the state. In Continental Europe since the 16th century the 'absolutist' monarchs had claimed the right of the sovereign to determine all aspects of policy in the interest of strengthening the power of the state. In this doctrine of raison d'etat or 'reason of state' the economy and society were transparent to the sovereign, who could manipulate them at will by judicious use of policy. Smith denied that the economy or society were transparent to policy, or that policies aimed at strengthening the economic power of the state were likely to achieve their aims. Rather, he argued, the economic realm was governed by laws peculiar to it, which the sovereign could never entirely understand: the 'hidden hand' was necessarily hidden.

But this was not to say that Smith's was a doctrine of minimal government. Indeed, it was Smith who described economics as 'a branch of the science of a statesman or legislator'. Rather than arguing for the absence of government, Smith was arguing for a different kind of government. Instead of trying to substitute for the 'natural' processes of the economy, Smith argued, government should try to assist the economy to function better—in Foucault's words, it needed to 'make regulations which permit natural regulations to operate'. Like the civic humanists, Smith was in fact highly mistrustful of 'private interest'. There was a 'public interest', and it was the proper end of government, but it was by no means identical to the interests of the state.

Hence Smith, like later classical economists such as John Stuart Mill, saw a social as well as economic rationale for government. While a partisan of the effects of 'commercial society' in stimulating liberty, he was severely critical of its social effects, arguing that it tended to render the working classes 'as stupid and ignorant as it is possible for a human being to become...In every improved and civilised society this is the stage into which the labouring poor...must necessarily fall, unless government takes some pains to prevent it'. Mill and others took Smith's social and governmental concerns much further. While supportive of the general principle of laissez-faire, Mill distinguished between 'authoritative' and non-authoritative government. The former, along the lines of the absolutist monarchies, simply prohibited and forbade the latter envisaged itself as a partner of private interests, establishing national banks alongside private banks, and public schools alongside church schools. Scorned by Karl Marx as advocating a 'shallow syncretism' between capitalism and socialism, Mill nevertheless advocated a far-reaching liberal program of social reform which anticipated the 20th century mixed economy and welfare state.

Moreover, this extended liberalism of Mill and others was paralleled by shifts in the manner of government on the European Continent. The threat of democracy after 1848, along with the breakup of the old precapitalist social ties, necessitated a 'social liberalism' concerned with reconciling the new individualist social order and the new more limited state with the expanded requirements of social citizenship. The basis for this, as the French historian of thought Jacques Donzelot notes, was the principle of social solidarity: "a principle of governing by neither too much nor too little social bonding". This became the bedrock for the 20th century welfare state, the distinctive blend of social interventionism and economic rectitude which has dominated 20th century policymaking. And this in turn led to the modern liberal mode of governance of Keynes.

For Keynes in his day was concerned with many of the same problems of government that confronted Smith. Robert Skidelsky, in his recent biography of Keynes, cites one of Keynes' former students: "He [Keynes] tried to devise the minimum government controls which would allow free enterprise to work." Skidelsky adds: "Keynes did not deny that much of economic life was non-chaotic and self-regulating'; the claim that he "substituted an economics of power and will for the self-regulatory mechanisms of civil society" is "vastly exaggerated". Like Smith, Keynes' view of government was liberal in the best classical sense; the role of govern-
In the aftermath of the economic liberal ascendancy, there is a policy vacuum in Canberra. JOHN LANGMORE argues we need a National Commission of Inquiry into the economy to define the new principles and priorities of the 90s.

"The debate over 'state intervention' is an all-or-nothing, laissez-faire or the nanny state choice is a contemporary fantasy. And, paradoxically, the belief that the capitalist economy in a modern society can run itself with minimal intervention is also chiefly a doctrine of the latter 20th century—paradoxically, because the economy now is a far more complex set of processes than it was in the 18th century, and bears far less resemblance to the free markets of the economic textbooks. But as the end of the century approaches the good sense of the old debates on the importance of a role for government in a 'commercial society' seems undiminished.

Governments like that of Britain's Margaret Thatcher, which aimed to return to a minimal government model which they wrongly associated with Adam Smith and the classical economists, have never really succeeded in their aims. In 1991, for instance, the share of the public sector in Britain's GDP was almost exactly the same as it was in 1979, when Mrs Thatcher came to power, while Britain's privatised industries require more, not less, regulation than before. The fairest conclusion from the 80s would seem to be that the goal of minimal government is a futile and self-defeating one in complex modern capitalist economies. A more sensible aim for the 1990s is a style of government more attuned to the problems of the 'commercial society' of our day.

What does this mean in practice? First, it would be an identifiably liberal style of government, following the manner of classical economic liberalism—which is to say that it would be an 'economic' government making regulations 'which allow natural regulations to operate'. It would also be a 'social' government in the sense meant by Mitchell Dean: "the active attempt to invent ways in which the limits and potentials of government, and the capacities and life-chances of individuals, are defined according to a social rationality" (ALR 145). In this respect it would be similar to the social liberalism of Keynes and the welfare state.

But it would also be different, recognising that in the liberalised, internationalised societies and economies of the late 20th century the aspirations of social collectivism are probably unachievable, and perhaps even undesirable. Rather than promoting the centralised public bureaucracies of the welfare state, or the outmoded dirigisme of old-style state direction, it would advocate dispersed welfare provision and a closer partnership between government and enterprise based at the level of the firm.

In short, it would recognise the historical failure both of the minimal government vogue and of the old-style 'social government' of the Keynesian era. And it would have the warrant of several hundred years of governmental experience for doing so.

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(i.e. in the case of Australia, including not only commonwealth but also state and local government debt but excluding that of statutory authorities) as a proportion of gross domestic product in 1991. Australians often confuse overseas debt—which was worryingly high in the third quarter of 1992 at $163bn—with government debt, which is very low.

Second, a modest economic recovery is under way here. Australia is expected to grow faster than all but a couple of small OECD countries during 1993. This means that Paul Keating's One Nation strategy was well-targeted and that the moderate fiscal stimulus, lower interest rates and our strengthening trade links with rapidly growing East Asia are encouraging economic development. The growth in the real value of Australia's manufactured exports of 15% a year since the mid-80s is an impressive result of Australia's strengthening ties with the ASEAN countries, Korea and Taiwan.

Fortunately, the type of expansionary policies adopted in One Nation are also being introduced overseas, notably in the US and Japan. Another aspect of the international situation which is conducive to economic recovery is that, with the ending of the Cold War, wasteful military spending in North America and Europe is steadily being redirected towards more valuable economic and social programs—a trend which Australia could well emulate.

Other achievements during the last decade have included the remarkable growth in public sector productivity of over 4% a year, the efficiency of the social security system in targeting deprivation (albeit in a rather mean-spirited way); and the exploding interest in education and training in schools, TAFEs and universities. These achievements are in part the obverse side of the problems. The economic fundamentalists who advise government have been more preoccupied with reducing inflation than unemployment and improving efficiency rather than equity.

While studying economics and social work at Melbourne University in 1960 I was placed as a part-time social work trainee in the Brotherhood of St Lawrence. My first client was a young man who came in with his wife and baby. He was unemployed because of the credit squeeze which the Menzies government had introduced to control inflation. He had to wait two more weeks for his unemployment benefit, had no savings and needed cash and food desperately. Fortunately, the Brotherhood could help him.

I gradually and reluctantly realised this family's suffering was the direct result of deliberate government policy. It seemed incredible that ministers and their advisers were responsible for policies which were undermining this family's dignity, as well as their income. This realisation led me naturally to an intensified interest in economics. What had previously seemed a dry theoretical subject now had a human dimension. I learned also that economics is value-laden: that every economist makes choices about the ranking of goals and priorities. Economists (of whom I am one) consciously or unconsciously inject values into analysis and policy prescription. All economics is political economy (in the 19th century sense).

For example, many economists perceive a trade-off between inflation and unemployment. Although both are regarded as problems, many economists would argue that achieving and maintaining low inflation should have priority. A low inflation rate is certainly desirable, for it increases Australia's international competitiveness and improves economic security. Yet moderate inflation and unemployment are hardly equivalent evils. Inflation is only about the value of money. Unemployment marginalises and stigmatises people, destroying their economic security and their self-respect.

Many economists solemnly talked during the 1980s about the "natural rate of unemployment", "one of the most vicious euphemisms ever coined" as William Vickrey, past president of the American Economic Association, wrote recently. Our own Treasury has used the inhuman term "over-full employment"—meaning that while there was still unemployment inflationary pressure was increasing. Such word games demonstrate the dehumanisation of much economic analysis.

The way out of this policy dilemma is to emphasise the twin goals of reducing both unemployment and inflation. It isn't beyond the wit of competent economists to design policies which simultaneously increase employment and reduce inflation. That is the main goal of the Accord, which has contributed directly and effectively to achieving both goals. Yet 'economic rationalists' remain opposed to or sceptical about incomes policy, despite the clear evidence of its success until 1989, when the benefits were overwhelmed by the misjudged contractionary monetary, budgetary and deregulatory policies of 'economic rationalists'.

The deification of efficiency and the devaluing of effectiveness, equity, and accessibility, have become the hallmark of the economic rationalist...
"The time has come to stop aiming for tax cuts as the principal goal of fiscal policy."

Nobody wants to pay taxes. We would all like to have complete control of our income. However, all of us also want national security and safe neighbourhoods, high standards of education and health services, efficient and safe roads and public transport, conservation of substantial representative portions of the natural environment and opportunities for social and cultural enrichment. Yet the quality and extent of these services cannot be maintained if their funding is being continually reduced.

Of course there is scope for improving the efficiency and effectiveness of service delivery. Pressure to maintain the efficiency and effectiveness of service delivery is a perpetual task of good government. Of course, priorities can be changed and cuts made in some areas to allow for increases in other ways. But improving efficiency and changing priorities will not ensure that all community programs are sufficiently funded to meet justifiable demands if total outlays are continually being reduced.

Given these justifiable needs for community services, it is a higher priority to improve services than to reduce taxation. The time has come to stop aiming for tax cuts as the principal goal of fiscal policy and to replace them with a broader view of the role of public services in constructive, equitable, fulfilling and enlivening personal and community life.

This requires both a clearer view of and stronger commitment to national goals and more pragmatism about the means of achieving them. The goal of full employment must be reasserted, without neglecting the spectre of inflation. Equity must be re-emphasised, without forgetting efficiency. Environmental conservation must be sought at the same time as economic development.

A better balance is required in the use of means as well of ends. For the 40 years from the late 1940s to 1989 the world was dominated by military and economic competition between capitalism and communism. One effect of this was to encourage extreme assertions about the benefits of the market. With the end of that competition of 'systems' it should be possible to take a more realistic view of economic processes in mature mixed economies. Such a view would recognise both the necessity of markets in all phases of production and distribution, and also the frequency of market failure, and the consequent need of government intervention to improve both efficiency and equity.

Australia's circumstances require that economic policy be refocused. There is a widespread hunger for a balanced approach which would offer realistic hope of growth of employment and equity, as well as of lower inflation and improving efficiency. Provided government is firmly committed to these complex goals and prepared to seek policies which could include more active intervention, there would be great value in a National Commission of Inquiry into the economy.

The outcome of such an inquiry could well be a statement akin to the 1945 White Paper on full employment, as Bernie Fraser has suggested, but the process of preparation would be vital to the effectiveness of the outcome. An internal public service review would be inadequate, because much of the same people who advised on the policies of the 80s would prepare the papers. The Vernon Committee or the Coombs Royal Commission would be much better models because they involved Commissioners with a range of experience. This is a somewhat different approach to that envisaged by Bernie Fraser, though the rationale is similar.

A five-person Commission would be appropriate. Just to give a flavour of the type of inquiry I have in mind here, it is worth mentioning a few names. Stuart Harris would be a suitable chair. He is widely respected because of his experience as Secretary of Foreign Affairs and Trade, as well as for the quality of his extensive scholarly publications and his intimate knowledge of both trade and environmentally sustainable development issues. Bob Gregory would be an ideal member. He is highly regarded for his thoughtfulness, the quality of his empirical research and the breadth of his experience, including membership of the Board of the Reserve Bank. John Prescott, Managing Director of BHP, has demonstrated both outstanding corporate achievement and a wide-ranging concern about wider economic issues. Meredith Edwards is an outstanding economist with a sophisticated knowledge of many areas of community services: at present she is directing the national housing strategy. Hugh Stretton has been the most effective advocate of a balanced approach to economic policy.

Such an inquiry could be announced for the forthcoming election policy speech and established immediately after the election. The Commission could be given a year to report and the support of a secretariat of about 20 professional staff. The terms of reference for the Commission should begin with the government's commitment to full employment and lower inflation and to improving equity and efficiency, and should include references to each of
the areas of policy and practice which make an impact on economic activity and employment: fiscal, monetary and incomes policy, the international economy, industry policy, education, training and immigration, industry structure, work and employment practices, labour market programs, income support and so on.

Inquiries are often received with cynicism, with many people responding that "the government is only deferring the problems". The point is, however, that there are no for resolving our intractable economic difficulties. Hundreds of new minor and major policy and program initiatives and changes in business and union practice are required. Both new processes for policy formation and new approaches are necessary. In this situation a broadly-based inquiry, drawing on the most rigorous intellectual analysis and empirical research by able people committed to the goals of full employment and lower inflation, and to improving equity as well as efficiency could make a major contribution to effectively redirecting Australian economic strategy.

Of course the government should not wait until the report of this Commission is received before taking new initiatives. Fresh additional policies are required immediately. To conclude, it is worth suggesting a few.

In October 1991 I tabled a parliamentary report on Australian Current Account Deficit and Overseas Debt, and last year I released a report of an employment task force entitled Maximising Employment. Some of the proposals in those reports have already been implemented, including some fiscal stimulus, a new job creation scheme operating on local infrastructure, a fall in interest rates and the exchange rate and expansion of targeted training programs for young people. Other proposals are still relevant.

There is scope for further expansion of public outlays targeted in ways which would increase national productivity, output and exports. These include areas such as infrastructure, education and training, research and development, structural adjustment and international marketing assistance. Further increases in funding for institutes of technology, universities and schools, for railways, roads and ports, as well as for hospitals and public housing would serve the double purpose of improving the efficiency of the national infrastructure and of skills and human well-being, as well as stimulating economic activity. Income restraint should be maintained and extended to non-wage incomes through implementation of a strengthened competition policy and by using progressive tax policies. An active sector-based industry policy should be developed to promote exports and import replacement, with emphasis on regional user-producer links. Opportunities for part-time work should be increased so as to redistribute employment more widely. Elimination of poverty traps (some of which impose marginal tax rates of over 100% on the poorest people) should have a high priority, through, for example, increasing income thresholds. Benefits should also be increased as far as practicable within budgetary restraints.

A fresh wave of private investment would be encouraged by a major increase in the accelerated depreciation allowance for a limited period—allowing write-off of investment on plant and equipment in perhaps three years, provided the funds were spent by, say, mid-1995. This would encourage firms to bring investment forward in the confidence that others would do so too.

There are innumerable opportunities for larger and smaller environmental projects, some examples of which were announced in Paul Keating's Environment statement in December. These include projects to improve water quality, recycle waste, protect the natural environment, substantially increase the national nature conservation reserve system and to facilitate community access to reserve areas. All of these projects would also increase employment.

In order to help counteract the property recession, the government could purchase more office accommodation. The proportion of offices occupied by the Commonwealth which they also own is now at a low level (around a third), and far below that in comparable countries. This means that the Commonwealth's rent bill is now very large and is probably approaching that of the level of interest on Commonwealth debt. The solution is to increase the proportion of office accommodation required by the Commonwealth which it also owns. Office construction and occupancy is one of the most depressed areas of activity and so the value of buildings has fallen sharply. Such a program would be favourably received by the business community, and future governments would bless this government's foresight in acquiring appreciating assets and reducing leasing costs.

Finally, we should consider replacing the payroll tax with taxes on carbon emission. This change could be made in a revenue-neutral way and would clearly have the benefit of removing a discouragement in growth of employment, while at the same time discouraging emission of greenhouse gases.

To summarise, the central requirements for addressing unemployment and the current account deficit are a more balanced approach to both ends and means. This would allow a more active role for the government, free of the artificial ideological constraints of the 80s. Our society will be more secure and attractive if it is also more equitable and humane.

JOHN LANGMORE is the federal MP for Fraser. This article was written before Paul Keating's February economic statement, which adopted its proposed investment allowances.

"Our society will be more secure and attractive if it is also more equitable and humane."
In the 80s macro-economic policy came with a twist of lemon. Now it's on the rocks. GEOFFREY HARCOURT outlines some principles for a macro-economic 'Middle Way' for the 1990s.

When I delivered my Donald Home Address, Madness, Markets and the Middle Way in February 1992, I was called a squib for not ever, as I had been away from Australia for nearly ten years, I thought it would have been a bit of a cheek to arrive home giving detailed advice as I stepped off the plane, as opposed to raising key issues and identifying real problems in a more general way. I did make some specific suggestions in my Home Address, whenever I felt I was competent to do so. What then of macroeconomic policy for a small open economy on the Pacific Rim which has an enduring and indeed horrendous balance of payments problem, an extremely serious unemployment problem and major pockets of unacceptable levels of poverty in what basically is still an affluent setting out systematically the detailed ingredients of my 'Middle Way' between planning and the unfettered market. I must try to do better this time.

One reason why I 'squibbed' was that I believed (I still do) that a necessary prerequisite was to analyse the implications when important markets— those for labour, property, foreign exchange, financial assets— do not behave in a socially optimum manner as the economic textbooks would have it. Only then would it be possible to think about policies which were designed to deal with the many by-products of their individual and collective impacts on the working of the Australian economy. Moreau and relatively harmonious society?

Over the last 20 years or so, we have had a bellyfull of 'deficit fetishism', as though the economic health of a nation could be measured entirely (or even at all) by the difference between government expenditure (G) and government income (T) regardless of the sizes of G and T themselves, or of the state of the economy when it is measured. So let us get away from this obsession once and for all and reinstate our common sense. I shall assume for the purpose of this article— perhaps this shows my own lack of common sense— that at the federal level a Labor government is in office. I would argue that, by and large, what G should be, at commonwealth, state and local levels, should be determined by longer-term aspirations reflecting both the overall philosophies of the democratically-elected government in power, as well as well thought-out and integrated plans for the provision of social and industrial infrastructure inducements to, and help for, the private sector.

However, as government expenditure impinges on the immediate overall activity of the economy too, the implication is that most of the adjustment from the government sector needed to fit in with
the activity that the private sector is providing must be through government income (T), complemented by appropriate monetary policy. The latter will have to be associated mostly with selective credit rationing—for if Australia continues to have a floating exchange rate, the structure of interest rates will primarily be determined by overseas trading, and lending and borrowing.

This way of looking at government outlays and income (G and T) brings to the fore some elementary and old-fashioned economic lessons which nevertheless are often forgotten. Government expenditure may be divided into (at least) three categories—current expenditure, capital expenditure, and transfer payments. The first two have immediate and direct impacts on employment creation. Their longer-term effects differ markedly and so they should be sharply differentiated from one another. The third category only has indirect effects on activity here and now, and in the future. As it entails transfer between citizens, it is only the net effect on spending of such transfers that are relevant for activity and employment. (The equity aspects are, of course, relevant but are outside the rubric of this article. I am also abstracting here from the effects of transfer payments between us and overseas where the effects are much more substantial and direct, both immediately and in the future.)

Making such a sharp distinction between current and capital expenditure should lead to a rethink about the nature and significance of government deficits and surpluses. Much of government capital expenditure consists of the provision of necessary social and industrial infrastructure, the returns to which only come in the medium to longer term. In an ordinary business which is both viable and growing, we would wish government income greatly to exceed this associated estimate of government expenditure, depending upon how the private sector was faring (and on how the government wished it to fare). But at least we would get away from the foolishness of a crude comparison of the Budget balance which cries 'disaster' if there is a shortfall, even when government income is adjusted to its 'full employment' level.

The Australian scene is complicated by our federal setup, with the possibility that state governments may be of a different political complexion to that of the federal government. As in any democracy, compromise and give and take will be needed. At least minimum agreement could be obtained on, first, the accounting procedures used to measure the health or otherwise of government finances, and, second, implementing those expenditures for which the commonwealth government is responsible but which in practice are implemented at state levels through state institutions.

If budgets are not balanced over the cycle, that is, total expenditure on average is greater than income, it will be necessary to keep a close eye on the debt to income ratio implied. For if a deficit (on average) were also to imply a rising debt to income ratio, we would be building an eventual source of instability into the structure of our economy. If, however, the ratio were to remain constant over time—not least because increasing the debt in the first place indirectly helped to raise income over time at a satisfactory pace—then there does not seem to be any overwhelming reason to worry about expenditure exceeding income.

All of this is not to belittle the extent of Australia’s economic predicament or the need for extensive structural reform. The vast amount of restructuring required if Australia is to sustain a more competitive industrial structure almost certainly requires a brake on total consumption expenditure. While there is considerable room for redistribution within this total towards the less well-off, nevertheless the bulk of extra production in Australia at the moment ought to go into accumulation. This may require a rise in total government income even though, at the moment, there is heavy unemployment which needs steadily to be reduced. As in the UK, the long-term needs of the economy and the state of the balance of payments imply that we need a 'High Street'-led recovery, as the Brits say—meaning a consumer-led recovery—like we need a hole in the head. I realise that constraints on consumption require a further period of real sacrifice by the bulk of the workforce—unlike the Brits, Australia does not have the equivalent of a cushion of North Sea oil to allow 8-10 years of a fool’s paradise to reign.

Enterprise bargaining is going to complicate this task even more, for it will tend to make more unequal the pre-tax distribution of income. We would wish government income greatly to exceed this associated estimate of government expenditure, depending upon how the private sector was faring (and on how the government wished it to fare). But at least we would get away from the foolishness of a crude comparison of the Budget balance which cries ‘disaster’ if there is a shortfall, even when government income is adjusted to its ‘full employment’ level.

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Enterprise bargaining is going to complicate this task even more, for it will tend to make more unequal the pre-tax distribution of income. We
shall therefore need some rather nifty revisions of rates of taxation in order to restrain total consumption expenditure in an equitable manner. Moreover, the instability built into the consumption side of the Australian economy by the vast extension of credit facilities for all will make the task even harder. But it should not be beyond the wit of the bright young things in the Treasury to provide their political masters with a number of ingenious schemes from which the latter may choose in order to attain their desired ends.

Nor would I suggest keeping the brakes on consumption forever. In a mixed economy the ultimate stimulus to accumulation in large measure must be an expectation of a healthy rate of growth of the consumption demands of its citizens. Only then may we be sure that the 'animal spirits' of the decision-makers in the private sector remain vigorous and dynamic.

I have mentioned our horrendous unemployment problem and the overseas balance constraint. I deplore the departure from a commitment to full employment—a departure, moreover, that had the blessing of a number of prominent Australian economists who, in retrospect, ought to be thoroughly ashamed of themselves. However, I do think it is worthwhile remembering that Keynes and his closest colleagues in the 1930s thought that the statistical orders of magnitude of unemployment which would be associated with the disappearance of involuntary unemployment due to deficiency of aggregate demand, were around 6-8% of the workforce. (Though, by the 1960s there had been a sea change in attitudes on orders of magnitude by Keynes' disciples, with negligible rates of unemployment now regarded as the aim.)

There is a moral here. The moral is not that we should rest content with these higher orders of magnitude but, rather, that when they are attained, in order then to reduce unemployment to more socially acceptable levels, we should rely more on microeconomic policies (which should be occurring anyway) rather than continuing generally to increase government spending or generally encourage private spending. Such microeconomic policies would include retraining, relocation (of both capital and labour), and rehousing. Coupled with this understanding is the need to rethink the new moves in the Accord. For one of the essential aims of the Accord was to influence the overall increase of money wages and therefore the overall cost level—an essential prerequisite for Australia to reach and then sustain levels of unemployment which we could reasonably regard as consistent with full employment and continuing growth.

Another aspect of restructuring associated with microeconomic policy and the role of government should be the provision of government help via information services and general back-up to exporters (and entrepreneurs involved in import re-placement), to help them find and then secure niche markets. This is an obvious lesson which Australia could learn from those Newly Industrialising Countries (NICs) which gave business people their heads but backed them up in the national interest as well. A by-product of being successful in this regard may be a reversal of the trend whereby the 'brightest and the best' were attracted to services and finance sectors by the grossly distorted signals which were given out in the 1980s. Another lesson from the NICs is that we should leave tariff levels where they are, at least in the medium term.

We also need to think of measures which will eliminate harmful speculation in finance and property markets so that prices and rewards there may more fully and fruitfully reflect useful economic activity. In this way present and past savings will be gathered together in a more socially useful way. On the side of real investment the government should take the lead in designing investment incentives which persuade business people to invest in those areas which, overall, the government has decided most need to be developed. Provided these areas are defined broadly enough, the chances of corruption will be lessened, yet neither the government nor its public servants will be able to dodge the responsibility for giving leadership in what should be a partnership between the public and private sectors.

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1. I thank, but in no way implicate, Keith Abbott, Jonathan Michie, Peter Nolan, Claudio Sardoni, Ajit Singh, Rod Tyers and John Wells for comments on a draft of this article.

2. Incidentally, as I am writing about appropriate monetary policy, may I refer readers to the passages in the Home Address where I urged the Reserve Bank of Australia to give a lead in encouraging the trading banks to make longer-term assessments of their customers' viability—and, if these are favourable, enable them to see through any short-term difficulties? I would now say that the Reserve Bank should insist and ensure that they are able to do this.

3. I vaguely remember being summoned by a well-known professor of economics some time in the 1970s to a highly secret meeting of about ten or so Australian professors of economics at the University of Melbourne. There we were urged to 'educate' the public to accept higher levels of unemployment than had been the feature of the post war world. I remember that only I and one other person present were scandalised by the request; in retrospect I bitterly regret not 'spilling the beans' about it all at the time. Now that I am, I can't remember exactly when it occurred or who was there!
It was Professor Joe Isaac, that most perceptive observer of the postwar Australian industrial relations scene, who once remarked: "Perfection in industrial relations is for the millenium". He was responding to the argument that the cure for Australia's economic ills would be found in a detailed blueprint for changing its industrial relations system—whether by deregulation of the labour market, or, alternatively, by regulation to the hilt.

The point Isaac was making was that industrial relations is not an artificial construct which can be simplistically modelled by computer experts and imposed by government as part of its economic strategy. It is rather the rules and patterns of behaviour which characterise the relationship between employers, unions and workers, and which are shaped by longer term historical forces and traditions. In other words, more than anything else, industrial relations is who we are and what we want to be—as individuals, as trade union members and as a society.

This is not to say that government has no role to play in industrial relations, but it will, of necessity, be a modest one. What government can do, if it has a mandate for change in industrial relations, is shape the environment in which workplaces organise their activities. Both Labor and the Coalition agree the decentralisation of wage bargaining is desirable in order to create scope for companies to become more efficient and competitive. Moreover, this can be achieved in one of two ways—either by promoting a co-operative, 'managed' approach to change which involves unions in wage bargaining and the whole range of company decisions, or to opt for deregulation, which effectively means employer coercion and the exclusion of a union role for decision-making.

Until now, the Accord partnership with the union movement has been the ace which Labor has played again and again since 1983, with considerable success, to demonstrate the superiority of a co-operative approach to labour market reform. In the future, however, the challenge for the Accord will be not only to shape but also to adapt its internal dynamic to the new system of decentralised bargaining—and, in particular, to the expanded influence of workplace union organisation which it will bring in its wake. This will mean striking a new balance at the workplace between the requirements of productivity and efficiency on the one hand and those of fairness and equity on the other—a balance found in every modern industrial relations system.

(i) The centralised system: Traditionally in Australia the balance between efficiency and equity has been struck in the context of a centralised system which had its origin in the nexus established at Federation between industrial protection and compulsory arbitration. At this time, tariffs for manufacturing enterprises were made contingent upon the payment of a 'basic wage' determined by a central arbitration tribunal after hearing submissions by the parties. Indeed, the tribunal ultimately became the main instrument of wages policy, effecting national wage increases on the basis of national productivity growth and cost of living adjustments, which flowed on to the range of award classifications according to the doctrine of comparative wage justice.

This approach to wages policy satisfied the limited domestic productivity requirements of the time by setting a floor price for labour, which encouraged investment in labour-saving technology rather than wage undercutting, and satisfied equity requirements by mandating the general application of wage increases to all sections of the workforce. The problem with the traditional approach was that by the late 1960s the massive surpluses generated by the commodities sector were no longer sufficient to sustain a largely inefficient and uncompetitive manufacturing sector, due to the declining terms of trade over the postwar pe-
Management is still failing to involve workers and unions in the decision-making process.'

period. Hence both tariff policy and wages policy were in line for a fundamental reassessment.

This reassessment, while accepted in part by the Whitlam and Fraser governments, was not acted upon in any coherent way until 1983, when the Hawke government began the process of product market deregulation through a series of tariff reductions, culminating in the 1991 statement, Building a Competitive Australia. The implications of reduced protection were, first, that firms and organisations would have to improve their productivity to become competitive in domestic and international markets; and second that reforms of the labour market were necessary to encourage employers and unions to make improvements in workplace productivity, especially through the better use of new technologies and skills— their priority task.

Research has since suggested that the productivity slowdown recorded in the first years of the Hawke government was due in some measure to the across-the-board wage restraint policy which, while contributing to rapid jobs growth, was a disincentive to labour-saving investment. This policy was pursued initially through wage indexation and the insertion of no extra claims' commitments in awards, but it came unstuck with the trade crisis of 1985/86, which intensified the effects of the tariff reductions then under way. As we shall see, the no extra claims' commitment was only abandoned with the adoption of enterprise bargaining by the Industrial Relations Commission (IRC) when the focus switched from restraining wages growth to control instead over unit labour costs, which includes a measure of productivity.

(ii) Managed decentralisation: Surprisingly, perhaps, there is substantial common ground in the debate on labour market reform which accepts that decentralisation of wage bargaining to the enterprise and workplace level will contribute to improvements in productivity and performance. But important differences remain over what kind of industrial relations system Australia should aim for, and how to get there. Even employer groups disagree. Some, backed by the Coalition, favour wholesale deregulation of the labour market with a minimal role for industrial tribunals and unions; others prefer Labor's 'managed' transition to centralised bargaining within the framework of tribunal decisions and the award system—and with a continuing emphasis on securing union co-operation. The government has chosen to pursue this managed approach to decentralisation in the context of its Accord relationship with the ACTU, which has proceeded through IRC National Wage Case decisions in three stages:

- First, the Restructuring and Efficiency Principle as part of the two-tier system made access to the four per cent wage increase contingent upon productivity trade-offs. In the main they took a narrow cost-cutting form.

- Second, the Structural Efficiency Principle made access to further wage increases contingent upon progress with award restructuring, which was designed to provide a new framework for workplace bargaining; and

- Third, the Enterprise Bargaining Principle abandoned the no extra claims' commitment altogether and permitted firms to negotiate wage increases of any size provided they were associated with measures to effect real productivity gains. These developments were underpinned by legislative changes— particularly section 115 of the 1988 Industrial Relations Act, which created scope for certified agreements outside the award system, and its subsequent replacement section 134, which also removed the public interest test, requiring only that agreements do not disadvantage employees. Recent research based on the 1991 Australian Workplace Industrial Relations Survey (AWIRS) shows that managed decentralisation has been successful insofar as it has provided scope for employers and unions to pursue a co-operative approach to change at the workplace, and that neither the award system nor union presence is a barrier when this approach is implemented in the context of appropriate strategies.

In the first set of results, the AWIRS data indicated that in the two years following the introduction of the R & E Principle, 86% of workplaces had implemented at least one major restructuring change with 19% implementing five or more changes (54% for large workplaces with more than 500 employees), and that awards were seen as a barrier to change in only six per cent of workplaces. In the second set of results, analysis of the data suggested that those workplaces which registered the highest 'intensity of collaboration' between management and workforce as measured by the characteristics of their joint consultative arrangements also experienced the best productivity outcomes according to a range of key performance indicators.

Significantly, analysis by the federal Department of Industrial Relations of the first 100 workplace productivity agreements ratified by the IRC under the Enterprise Bargaining Principle tends to confirm these results, with most agreements going beyond a cost-cutting approach to encompass longer term dynamic efficiency gains. However, it is also apparent from the AWIRS survey and the slow take-up of agreements under the EBP and section 134 that many workplaces lack either an adequate bargaining infrastructure (including management autonomy, a union delegate structure and a single bargaining unit) or even the capacity to measure productivity for the purpose of negotiations. In particular, the fact that joint consultative arrangements are confined to 14% of workplaces suggests that management is still failing to involve workers and unions in the decision-making process.

(iii) The future of bargaining: What role is there,
then, for the next Labor government in a decentralised bargaining system, and what role for the IRC? How will the balance between efficiency and equity now be struck? Ideally, the government will want simultaneously to generate sustained productivity growth and a new workplace culture through industrial relations reform—which will require a continuing workplace focus with an emphasis on achieving international 'best practice'—and to maintain fairness and comparability through a fair wages policy—which could potentially mark out a new, more stable role for the IRC.

While the government and the IRC have been able to provide an important catalyst for industrial relations reform, we can expect their role to diminish in the future as employers and unions themselves assume responsibility for their own workplace agreements. This is recognised already by the ACTU, whose amalgamation strategy encompasses a devolution of power to workplace union representatives in the context of large, well-resourced industry and occupational unions. However, there is still an important role for the government in supporting the development of a viable and creative workplace bargaining 'infrastructure', and, in particular, in ensuring that workers and their union representatives have access to the key decisions on reform at all levels. Some progress has been made through award restructuring, but Labor's 'industrial democracy' agenda remains largely unfulfilled.

The kind of issues embraced by industrial relations reform in the 1990s include work reorganisation and job redesign, broadening of job classifications, multiskilling and team work, flexible working time arrangements, career paths for all employees with adequate training provisions, equal opportunities for women and disadvantaged minorities, parental leave and access to childcare and occupational health and safety. These issues are all part of the expanding agenda of joint negotiation and agreement at the workplace, which must ultimately encompass the investment decisions of companies as well. As the Minister for Industrial Relations, Peter Cook, commented recently in the Financial Review:

With the recovery, there will be a strong profit surge in Australia, which is already showing up. We would want to see that money invested in Australian manufacturing in particular, but in Australian industry in general. And I'm pretty sure that one of the elements of an Accord debate will be unions pushing for employers to invest their profits back into this country. That's a reasonable question to talk to employers about in the Accord outcome, particularly when they are looking at moderate wage outcomes as an element of the Accord.

If workforce involvement in such decisions depended on the discretion of employers, even if it could be shown to be in their own interest, it would be a long time coming in Australia. What is required here is legislation, similar to that in many European countries, setting out workers' rights to be systematically consulted and informed at the workplace about the whole range of company decisions. An initiative by Labor in this area would achieve three things. First, it would release the talents of workers on the shop-floor and contribute to productivity improvement. Second, it would allow workers themselves to strike a balance between investment and consumption at the workplace, rendering formal pay limits unnecessary. And third, it would provide a more favourable political context for the passage of 'right to strike' legislation—which, on its own, has proved too hot for Labor to handle.

While formal pay limits are clearly incompatible with a decentralised bargaining system, the IRC has the opportunity to reinvent itself, with the encouragement of the next Labor Government, by establishing what might be called a 'fair wages' policy. This would accompany and counter-balance the process of industrial relations reform, with its emphasis on productivity improvement. It would encompass a number of significant features, including: the principle of comparability, which will remain a powerful force even in a workplace bargaining environment; the ability to set minimum rates in awards and supplementary payments for low paid groups; market comparisons in public sector pay determination and equal pay for work of equal value linked to formal, agreed job evaluation procedures.

Already, in response to the Kennett government's labour law changes, the federal government has announced plans to legislate a fair wages role on the basis of International Labour Organisation conventions—which would, among other things, give the IRC the authority for the first time to determine minimum rates "whether or not an interstate dispute exists" for employees who lack such protection, and to award equal pay for work of equal value. This proposal, should it be upheld by the High Court as being within the foreign affairs power of the Constitution, would entail a radical extension of the IRC's power and accelerate the shift from a state-based system to a unified national system of industrial relations supervised by an independent 'fair wages' tribunal.

A commitment by Labor to a fair wages policy would have three effects. First, it would supply the ingredient of fairness many perceive to be lacking in the recent shift to workplace productivity bargaining, without losing the bargaining momentum. Second, it would provide an important role for the IRC, drawing upon its ability to discriminate on the basis of consistent principles between fair and unfair differentials and relativities in the wage structure. And third, it would introduce a measure of stability into the bargaining system, which will be crucial as...
recovery gets under way and the inevitable pressures build up for a community catch-up and enterprise-by-enterprise wage leap-frogging. The lesson of wage explosions here and overseas is that governments take notice of them only when it is too late.

Industrial relations is a policy area in which Labor can justifiably claim to have made considerable progress through its Accord with the ACTU, but there is still much to be done. With the shift to decentralised bargaining, the nature and rhetoric of the Accord must change from a relationship between the government and senior union officials to one with ordinary union members—on whom, after all, the success of bargaining will ultimately depend. I have argued here that the Accord should feature at its centre a new balance between the forces of efficiency and equity, which promotes workforce influence and involvement in industrial relations reform, on the one hand, and a fair wages policy on the other. With these twin principles of involvement and fairness as its watchwords, the Accord will continue to have a major role to play in building a modern social democracy in Australia.

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GAME, DEBT AND MATCH

If the labour movement in general or the Left in particular wishes to be serious—and to be taken seriously—then it must accept the intellectual and political discipline of ensuring that its program is consistent with plausible ('sustainable') fiscal policy outcomes during the 1990s. In the absence of such discipline any proposed program will be impossible to implement and unlikely to receive an electoral mandate.

I have made reference to this before in ALR. After the May 1991 NSW election I mentioned that the "intellectual and political challenge for the labour movement aspiring to govern is to marry community-based programs with overall coherence in an age of economic austerity which is far from being over" (ALR 130). Last year, responding to the question "Is the Left Braindead?", I noted that on the one hand "we need a growth rate of the economy capable of systematically reducing unemployment towards the ultimate goal of full employment. On the other hand, and at the same time, we need to stabilise foreign debt and [the] current account deficit at levels which are sustainable". And I added that, "this also has definite and largely inescapable implications for the balance between public sector expenditure and revenue" (ALR 141). Let me here try to clarify these ideas.

The key concept behind economic debate in this area is "financial sustainability"—a concept which may be applied to both the 'balance sheet' for Australia as a whole and the balance sheet for the Australian public sector as a whole (not the same thing). The core of 'sustainability' is that financial obligations be stabilised in two key respects: the level of net liabilities as a proportion of income must cease increasing (and approach a constant number); and the level of income transfer (meaning interest, dividends, profits, rents, etc paid to foreigners) obligations arising from outstanding liabilities must also cease increasing as a proportion of recurrent income.

Applying this rather abstract formula to Australia as a whole, Australia's total liabilities to foreigners are the sum total of all past current...
account deficits; the annual current account deficit is the net addition to total liabilities owed to foreigners. These liabilities consist of foreign debt and foreign equity in Australian assets (foreign ownership), and the associated obligations to foreigners consist of interest payments (debt) and dividends, profits, rents, etc (equity).

The ratio of Australian foreign liabilities (debt plus equity) to GDP or national income has been rising dramatically and virtually continuously during the 1980s and beyond. The same applies to the ratio of income transfers to foreigners as a proportion of Australian export revenue. When the economic commentators speak of 'external (financial) sustainability' they usually mean halting the rise of the former ratio and stabilising it at a roughly constant value of 50-60%. While I will spare readers such an exercise here, a little mathematics would demonstrate that the key requirement for stabilising foreign liabilities as a proportion of GDP is a trade surplus of about one per cent as a proportion of GDP. In other words, aggregate domestic expenditure must be kept sufficiently below aggregate domestic output as to allow a net one per cent of national product to be transferred to foreigners.

Moreover, this one per cent trade surplus must be maintained continuously through the 1990s and beyond, if the ratio of foreign liabilities to GDP is to be stabilised permanently. However, while this stabilisation requires a persistent trade surplus, it is entirely consistent with a persistent current account deficit (the trade balance plus income transfers to foreigners). Permanent current account deficits are not necessarily a problem if the economy is growing.

The same kind of financial sustainability conditions apply to the public sector. The relevant measure of liabilities is, roughly speaking, outstanding government debt (which may be domestic or foreign)—the sum total of all past government budget deficits. The income transfer obligations to foreigners in this case are, essentially, interest payments on public debt. Public sector financial sustainability requires one or both of two things. Either or both the ratios of public sector debt to GDP and public sector interest payments to tax revenues must be stabilised in the medium to long run. Again, this is entirely consistent (in a growing economy) with permanent budget deficits, though it does require that public expenditure net of interest payments is less than recurrent government revenue in the long run.

This sounds straight forward enough, yet the subject is replete with confusion. A few items of confusion should be sorted out first. Public sector financial sustainability is entirely compatible with a short-run fiscal stimulus such as that contained in last year's One Nation statement: it is the long-run financial trend which is relevant to sustainability, not short-run anti-cyclical adjustments. Indeed, sustainability is even compatible with a long-run fiscal stimulus—provided that equivalent increases in public expenditures and public revenues have an expansionary impact on aggregate national output.

Second, the sustainability of public debt and that of overall national foreign liabilities (debt plus equity) are distinct issues. The two are commonly confused in the minds of laypersons, partly because government has accepted a measure of responsibility for stabilising foreign debt in the national interest, even though only a small fraction of that foreign debt is public sector debt.

Public sector financial sustainability has to be conceived in terms of the total public sector: in other words, the three tiers of government together. It hardly needs to be emphasised that while Mr Keating was addressing with characteristic vigour the Commonwealth's budget position in the 1980s, two or three states (all with Labor governments) were wrecking their balance sheets. And while the Labor Left was not in control of state economic policy at the crucial moments in any of these cases, they sat in Cabinets and did nothing.

Finally, fully commercial public trading enterprises (at whatever level) should be considered separately from budget sector financial outcomes as a whole, since the debt of commercial enterprises should be self-financing from non-tax revenues (commercial charges), with no debt-servicing obligations imposed upon government budgets. It is inappropriate for the commercially-sound financing options of government enterprises to be arbitrarily constrained by global rules which are pertinent only to the non-commercial tax-financed budget sector activity.

There is one other aspect of the problem which needs to be outlined at this point. I have said that external sustainability requires a persistent trade surplus of about one per cent of GDP. This would necessitate a current account deficit of probably about three per cent of GDP. What does this mean? The trade surplus is the excess of domestic production over domestic expenditure. The current account deficit can be defined in several ways: as the excess of national expenditure (plus income transfers to foreigners) over national income, or the excess of national income transfers to foreigners) over national income, or the excess of national expenditure (plus income transfers to foreigners) over national income, or the public sector deficit plus the private sector deficit, or the excess of public plus private investment over public plus private saving. Simultaneously, national output will exceed national expenditure (trade surplus) and national expenditure plus income transfers to foreigners will exceed national income (current account deficit), because income transfers to foreigners will exceed the trade surplus.

It would therefore be a contradiction in terms, given the behaviour of private sector saving and investment, to acknowledge that government has a responsibility to stabilise the ratio of foreign liabilities to GDP (and hence the trade surplus and current account deficit as proportions of GDP)—

'March 1993 ALR 41

While Keating was addressing the Commonwealth's budget position in the 1980s, two or three Labor states were wrecking their balance sheets.'
'In pursuit of sufficient export growth, Australia has to run just to stand still.'

and at the same time to deny that it has a responsibility to meet budget outcomes consistent with that external sustainability. And this is a more binding constraint upon the public sector than the mere dictates of public sector financial sustainability outlined above. That is to say, in the absence of the external financial constraint, budgetary policy could be much looser.

Of course, private sector saving and investment are not 'given', and policy may directly seek to manipulate them. If the balance between private sector saving and investment could be improved—increasing the former and/or reducing the latter, as proportions of GDP—the external constraint on the public sector budget balance would be eased. For example, there is some reason for hoping that the extension of superannuation will increase household saving. Again, there is some evidence that workplace and other industry reforms may reduce (both private and public) investment requirements per unit of output. At the same time, however, changes in the public sector budget balance aimed at changing the current account balance may be self-defeating if they simply lead to offsetting changes in private sector behaviour. For example, reductions in public education expenditure which led to increases in private household education expenditure, at the expense of private saving, could be self-defeating from the point of view of the current account balance. In any case, it is indisputably true that consumption (public and/or private) and/or investment (again, public and/or private) will have to decline somewhat, as a share of GDP.

I have expended a good deal of space outlining the conceptual framework for the issue of growth and financial constraints. Now I will more briefly sum up the core problem and point to the required responses. There are two key objectives confronting the federal Labor government: external sustainability (trade surplus about one per cent of GDP) and a persistent growth rate which will generate sufficient employment growth to systematically soak up unemployment. The latter objective points to a real GDP growth rate of more than three and a half per cent. The higher GDP growth is above three to three and a half per cent, the more rapidly unemployment will be reduced. The government faces a genuine dilemma if these two objectives—external sustainability (one per cent trade surplus) and pursuit of full employment (three and a half per cent growth)—prove incompatible.

In these circumstances the government will be obliged to sacrifice employment growth in favour of a sustainable trade surplus. This gives a precise content to the notion of an external constraint; if the GDP growth rate required to systematically reduce unemployment generates an unsustainable trade balance, the pursuit of full employment therefore must be abandoned.

There are therefore two key economic difficulties to be confronted in relation to this 'external constraint'. First, foreign trade performance must be improved sufficiently to enable an adequate rate of employment growth for the 1990s to be combined with a sustainable trade surplus. Mr Keating has trumpeted Australia's strong export growth (and, in particular, the very strong growth of manufactured exports) in recent years; he has been more coy about the equally rapid growth of imports. What the latter points to is that in pursuit of sufficient export growth, Australia has to run just to stand still. The crucial question is what policies at the 'microeconomic' or structural level have a reasonable prospect of delivering the required trade performance—the crucial questions here are in the fields of industry policy, trade policy, and industrial relations.

Second, because of the external constraint it is also the case that tight fiscal policy will have to be maintained over the medium to long term. In other words, if the government pursues industrial and other policies to improve trade performance, it will have only a limited capacity to expand public expenditures as a proportion of GDP unless they are accompanied by increases in tax revenues as a proportion of GDP.

The political constraints upon the government proceeding in this manner are obvious. But the economics of more activist industry and other policies, to the extent that they have implications for the Budget, will also have to be confronted: an expansion of public expenditure (say, public investment) accompanied by increased taxation involves shifting resources away from private consumption and/or private investment. The only alternative would be to expand public investment expenditure at the expense of public consumption expenditure, which would not necessitate an increase in the tax share in national income. But all these options would have definite implications for public social expenditure, private consumption and income distribution. In short, an increase in the proportion of the national product going to net exports requires some decline in the proportion of the national product going to other uses. In any case, the Left and the labour movement must ensure that the fiscal outcomes implied by their policies 'add up'.

I conclude with a simple message. In the face of all the barrage of policy proposals and economic chatter doing the rounds it is wise to keep one's eye on the main game—that economic success requires a one per cent trade surplus plus more than three and a half per cent growth in output. This is the benchmark for economic success in attacking Australia's fundamental economic problems. All economic policies—Labor, conservative and others—should be judged against this standard.

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In common with the rest of the world, Australia has seen a large increase in inequality in the distribution of income and wealth since the mid-1970s, an increase evident both in wage and total income. Despite a paucity of official statistics, current levels of inequality are certainly at a post-war record and approaching the levels of private inequality exhibited at the peak of the Depression of the 1930s.

Some of us would argue that this is no mere coincidence, but that rising levels of economic inequality give rise to the conditions which precipitate both the occurrence and depth of a severe economic recession/depression. Regardless of one’s economic views, however, it is clear that this increased economic inequality has brought with it all the attendant increases in social inequality—manifested in the areas of health (both physical and emotional), homelessness, violence, suicides, alienation, discriminatory behaviour and social immobility. In other words, there is a far more limited capacity for many to realise the opportunities and choices that political rhetoric would suggest are available to all Australians at birth.

A survey of all the evidence of inequality and poverty would indicate that even after a decade of a Labor government rhetorically and institutionally committed (via the Accord) to social justice, the numbers of people living in poverty have risen. In fairness, the emphasis here is on ‘even’, because the government has through its social security and social wage policies increased the real income of those in poverty. The rich have got richer but so have the poor. Indeed, it is the existence of that social safety net that differentiates the 1990s from the 1930s. But this too is under renewed challenge as eligibility conditions are tightened in response to now orthodox economic shibboleths.

Moreover, more Australians now are vulnerable or in high risk of being in poverty. The relative losers over the last decade and a half have been lower-paid working families. In a more volatile employment market, many more of them are now topping off the tightrope of economic security and independence. While the government has done much to reduce inequality between people in different family circumstances—horizontal inequality based on differing needs—it has been swamped by the increase in vertical inequality. Poverty has become less a transitory state consequent upon one’s stage in the life-cycle and more a permanent trap.

In particular, despite sporadic bursts of economic growth in income terms, the latter part of the 80s and early 90s have seen rapid increases in the level and permanence of unemployment. It appears that while economic downturns translate rapidly into large increases in unemployment, economic

If government is serious about tackling inequality, says PHIL RASKALL, it may have to do the unthinkable: raise taxes.
upturns are much slower in generating fewer permanent jobs. The extent to which this has occurred has given rise to talk by sociologists of a permanent underclass, whose participation in the paid workforce (and attendant full participation in a market-based society) is either non-existent or marginal.

It is not just sociologists who have come to recognise the more permanent state of poverty and inequality:

One of the unremarked tragedies of the past decade is the destruction of Australia as a classless society and the constant attrition to workers' living standards. No system of government can survive indefinitely if society is split into a privileged, wealthy class and a permanent underclass. This would be the ingredient for instability, civil disruption and revolution.

These words are not the call to the barricades of an unreconstructed marxist, but the considered views of John Hewson, in his Alfred Deakin lecture of late last year. In less flamboyant language Paul Keating has reiterated that this election is about the social justice direction of Australian society.

With the election of a new government on March 13 for a three-year term, what can a government truly committed to reducing levels of social injustice realistically achieve? The first reality is that no government can do much to redress inequality before the middle of this decade and that no government can stand alone against the capital flows of international financial forces, now that we are so integrally tied to that system. There is no quick fix. Indeed, research in our Social and Economic Inequality Study at the University of NSW suggests that trends in inequality tend to follow long-term cycles of at least two decades and that the forces giving rise to the process of inequality are so endemic that governments in the shorter term can merely react and mitigate but not reverse immediately.

Political parties of all colours have made numerous florid claims over the past decade and a half about how, with simplistic monocausal policies, they are going to resolve the problem of inequality. All of this has left the poor, the unemployed, the sick and the disenfranchised devalued of the one significant asset they retain—their hopes and aspirations to make real choices. The very least that the Australian people should expect is that the government will truly committed to reducing levels of social injustice. The best we can hope for is that government will provide seeding subsidies to expand potential markets such as in the environmental/conservation and product/process innovation areas. We should not be wasting public funds with a blanket series of 'me too' incentives to business which do not differentiate between need, accountability or performance.

Unpalatable though it may seem to the upholders of orthodoxy, the response to this must be a circuit-breaker. There must be a halt to the current pace of tariff reduction programs until we can afford the transition costs involved—particularly in those labour-intensive industries employing a workforce susceptible to marginalisation. At least this would slow the haemorrhaging of existing jobs while attention can be properly directed to the growth of new jobs and the matching of skills required. Taken in conjunction with a range of other measures such a delay could work to our advantage.

At this point the debate usually becomes sidetracked into arguments about a more interventionist industry policy, and decisions as to who picks 'winners and losers'. The realistic response is that in the short term the market will determine that and the best we can hope for is that government will provide seeding subsidies to expand potential markets such as in the environmental/conservation and product/process innovation areas. We should not be wasting public funds with a blanket series of 'me too' incentives to business which do not differentiate between need, accountability or performance.

One class of program to which the government should give thought is 'Marginal Employment Subsidy' schemes. These provide a benefit to firms in terms of specific objectives only if they employ more people over the entire enterprise. Such corporate accountability for business welfare is more readily adaptable to differential industry and enterprise groups in accord with direct employment objectives than other forms of 'industry assistance'. Certainly, the ad hocery and corporate bludging of current industry policy needs revamping.

More immediately, if employment is a real community goal and employment growth is not necessarily related to income growth, the next shibboleth to break is the deficit. In blunt terms, a bit of Keynesian pump-priming is necessary. If, in a seri-
ous recession, governments are committed to the maintenance, albeit strained, of a social safety net, the budget will inevitably go into deficit. But this kind of deficit is a deficit of despair rather than a productive social infrastructure foundation for future welfare. One of the strong conclusions of our research at the Social and Economic Inequality Study has been the significance of the social wage in restraining the growth in inequality over the last decade. It should be remembered that the net accounting cost to government of unemployment and inequality through lost direct and indirect tax revenue and increased social expenditure is only marginally less than the provision of an award wage job. Increased expenditure by government in labour-intensive areas of domestic production would add little to the deficit in the short run.

One area which stands out, given its domestic employment multipliers, is public housing expenditure—doubly so because it can reduce the expenditure side of poverty. Similarly, government needs to undertake a far larger scale public sector job creation program linked to education and training programs if we are to match the skill changes attendant on structural change.

The key underlying concern in all of the above is to raise the importance of employment as an explicit objective of policy as against the single-minded pursuit of income growth—the translation of which into welfare benefits depends in part on the current level of inequality.

To some extent, the expenditure sides of both One Nation and recent government initiatives reflect a move in this direction. However, in both cases, the short-term fiscal injection has been delayed partly because of the nature of some of the projects (too large, too capital intensive) and partly because of the inability of other governments to translate rhetoric into action. One mechanism to improve the speed of transmission might be to take the decision-making powers away from state governments and place them in a body charged with assessing the employment impact (and consequent priorities) of direct and indirect Commonwealth government expenditure. Such a move would also serve to symbolically raise the importance of the employment objective as a community goal.

The danger of this emphasis on jobs and more jobs is to ignore the other side of the inequality equation—the income and living standards of those employed. Job creation programs (such as labour market deregulation) which permanently reduce real wages and create unequal working conditions must be resisted. Already, it is those families in the third, fourth and fifth deciles that have suffered the most in changes in relative living standards (notwithstanding the Family Package) and who are most vulnerable to casualisation and other labour market changes. These are the so-called working poor: mostly single income families, including sole parents with some access to the labour market, along with some lower-paid two-income families. These latter may well benefit from anti-discrimination changes to gender segmentation and the value placed on women's work. Until then they will continue to be vulnerable unless due weight is given to the significance of the social and industrial wage to their economic independence. It is important to maintain centralised mechanisms which don't just stop them being exploited but can actually serve to raise their living standards. If this cannot be done through a fully centralised wage system, it must be done through other mechanisms of government redistribution, notably the tax and social wage systems.

Nevertheless, despite various sorts of rational job creation measures, we may still be left with a high level of permanent unemployment reflecting the changing nature of capitalism in an era of capital-intensive technology. How do we need to adapt our social security policies, which are currently based on acceptance of the notion of full employment, to more adequately cater for permanent unemployment? Is it appropriate, for instance, to treat the long-term unemployed over 50 as old-age pensioners, as we seem to be doing at present? Is it appropriate to use the education system as a form of short-term 'baby-sitter' or are we really just creating a class of highly-educated unemployed? Paradoxically, the more people who have post-secondary training the less the employment value of that training. What value a diploma if the other 30 applicants for the vacancy also have one? And of course the more universal such training the more disadvantage and inequality people suffer if they are unable to obtain it. Hence, if education and training are still to be vigorously pursued, we need to dramatically expand its availability so that the opportunity for discriminatory screening out does not occur.

What alternative work options need to be developed? One outcome of a review of the future of work may well be a more flexible social security system better geared to the realities of the labour market and Australian society in the 1990s and beyond. For instance, it would seem appropriate to re-examine the notion of a Guaranteed Minimum Income Scheme that takes less account of people's particular current circumstances and places more emphasis on basic entitlements to cash and non-cash income support mechanisms. This would take away much of the punitive nature of 'work-testing'. More particularly, it would enable the development and application of more flexible policy alternatives of labour market participation and income support.

Within the current social security system the government will need to address the anomalies that are arising from the development of a two-tiered retirement system based on occupational and state
'Despite the hysteria of the early 1980s, the capital gains tax is now an accepted and important part of the tax system.'

pensions. The interaction of the first, based on individual accumulations of funds from income, and the second, based upon family circumstances, will lead to severe anomalies which could well disadvantage those whose working life will not provide them with sufficient superannuation. And as our notions of social justice and inequity begin to acknowledge a spatial component—particularly through differential costs of housing—there is a clear necessity to make rent assistance more locationally-oriented to reflect need.

There is one other vital mechanism of redistribution available to government—the taxation system. The best we can expect is that, upon election, the new government admits that the magnitude of the task in front of them is such that they have to postpone proposed income tax cuts. Unless they have stacks of kids, anyone earning under $25,000 a year loses out under Labor and anyone under about $30,000 under Fightback!

The problem is compounded by the current trend of announcing tax programs which lock up all available revenue over the entire course of an election period and beyond. The government has already precommitted revenue from the 1996/97 budget. This dramatically reduces the potential for redistribution within the life of the next parliament unless the government explicitly changes the current tax system or introduces new taxes. If sanity prevails what is realistically achievable?

First, rather than tax reductions, it is time to contemplate tax increases—to provide both the revenue for expenditure measures and restore the redistributive progressivity of the direct tax system. In the most recent five-year period Commonwealth revenue has fallen by over three percent of GDP—more than ten percent less than it would have been if the ratio to GDP had been maintained. Most of this went to higher income earners. Of course, tax increases can create more unemployment by reducing domestic demand. Hence they should be borne disproportionately by higher income earners whose expenditure contains a higher import content.

If direct tax increases are politically unrealistic, tax cuts should, in principle, be directed towards low-income earners. The problem is that, in practice, we cannot target these effectively under current mechanisms. Even the most progressive move, raising the minimum tax threshold, provides equal dollar value cuts to all taxpayers. One way around this is to introduce a tapered threshold, the benefit of which is progressively reduced and then eliminated as income increases. Whether such a radical change to the personal income tax system is realistic within the next three years is unlikely without a major change in community attitudes. In any case, in order to provide some tax relief for lowest-income taxpayers, the government should raise the tax-free threshold.

Equally necessary, but equally problematic in a three-year term of government, is some change to the taxation treatment of dividends. If there was one government-directed move over the 80s which dramatically increased after-tax income inequality it was the introduction in 1987 of dividend imputation—ostensibly to remove the so-called 'double taxation' of dividend income. In 1988-89, for instance, the 3053 taxpayers with taxable income exceeding $500,000 received $834 million of income which was previously taxable. That these top income earners didn't hesitate to 'rip out the dividends' with consequent effect on corporate funds for reinvestment can be gleaned from the fact that in 1986-87 such dividends in the same group totalled a mere $11 million. The average tax liability of these individuals actually fell by about $150,000. Conversely, the average corporate tax rate as a proportion of company income has not increased.

What can plausibly be done about this, short of reversing dividend imputation? One option worthy of exploration might be to reverse the emphasis—that is, to make all surpluses of corporate entities tax-free at the company level but fully taxable in the hands of shareholders. Coupled with an industry and employment policy linked to the investment of retained earnings, that at least might have beneficial efficiency effects, rather than being dissipated in higher import demand. It might also serve to raise the stock of internally-generated capital.

Finally—and this extends into the grey areas of 'realistic' advice for a three-year term—it is apparent that the options for progressive tax reform with the existing tax arrangements are severely limited. That raises the question, if the will is there, of new taxes. If reducing inequality is a real and explicit goal of government, then the question of taxes on capital must be addressed. Despite the hysteria of the early 1980s, the capital gains tax, albeit in much reduced form, is now an accepted and important part of the tax system. It could be extended with deemed realisation on death to embrace an inheritance tax, or more explicitly, a capital transfer tax on gifts incorporation inheritances. As it stands, some 40% of wealth is inherited tax-free—which flies in the face of all equity and efficiency considerations. The question is how serious the government and the Australian people are about reducing inequality.

This brings us back to the starting point for this article. Unless inequality and its causal factors are raised as explicit and operational goals, it will never be reduced within the terms of one, two or three governments, without a major external shock to the economic and social system. If, on the other hand, the levels, implications and costs of inequality are recognised, then what may at first glance seem 'utopian' policies become not merely realistic but an economic necessity.

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Last July I touched down again at Sheremetyevo airport after an absence of two years. When I had been there previously I watched the Communist Party floundering hopelessly at its last Congress trying to come to terms with the forces unleashed by Gorbachev’s reforms. A little over a year later, in August 1991, there was the failed coup, and by January 1992 the Soviet Union was no more.

What follows is not an account of the political manoeuvrings that took place last year in Russia. It is not about dramatic battles between president and congress for the future of the reforms. Within two days of my arrival it was obvious this was not the real story. What really counted was what was happening to everyday Russian life.

At the beginning of 1992, under Yeltsin’s reformers, shock therapy was to be the order of the day. Broadly speaking this was to be a consistent application of the free market canon: free prices, tight money, privatisation, deregulation and an emphasis on consumption taxes rather than income tax as a basis for revenue. Of these, free prices, deregulation and the consumption tax could be said to have got off to a flying start. Prices on nearly everything except some basic food items, energy and housing rose by over 600% in January and February. After that inflation settled in at between 12 and 18% a month.

The VAT, despite the opportunities for avoidance in an almost entirely cash economy, showed promising returns and deregulation was the general rule no matter what the law might say. Tight money was, to torture the phrase, in somewhat shorter supply. The government offered wage and benefit compensations of around half the price rises. As a result of all this inflation exploded and one American dollar, which had bought 12 roubles on the market in 1990 was buying 160 in July 1992.

These are the sorts of facts which have filled Russian and Western papers since last year. When I arrived in Moscow I expected to see a city more run down than it was in 1990 (and it was bad then), full of destitute and increasingly disillusioned people, surrounded by crime and on the verge of famine. There was some truth in this picture but it was full of falsehood too. Muscovites were a long way from being the total victims media pictures crave. So what was really happening in Russia?

The dreadful economic upheavals caused by the twin evils of a system in collapse and an economic reform program in which it often seemed that faith was the main element, certainly existed. But running counter to these were a number of factors which meant that, while there were plainly large differences between the Moscow of 1990 and that of 1992, there was also a surprising similarity.

The political and economic processes conditioning people’s lives in Russia are obviously very different now than they were two years ago. The market has arrived at the centre of social life and the system of economics has begun to take over from the system of politics as the primary power in people’s lives. These two occurrences, some
might recall, were considered by Marx as the most definitive aspects of the historical shift from feudalism to capitalism. Russians no longer needed extended search networks to find most consumer goods, influence or favours are no longer necessary when seeking that special item. The problem of how to meet basic needs has been reduced to a problem of cost. Shelves formerly empty now boast, by Russian standards, a wide variety of goods. The Western economic law of demand and supply passed its first post-communist test with flying colours.

But, of course, the fact that cost has been simplified doesn’t mean it isn’t high. In fact, the monopoly nature of most production in the old Soviet system means that without privatisation and/or massive Western business penetration prices go up and have no incentive to come down. The key problems of the old command economy were how to get equilibrium between production and consumption and how to encourage efficiency. Price reform helped the first but has done little for the latter. In the current situation, most Russian firms will respond to cost problems with price rises. This works for many in the short term but makes it even more probable that they will eventually go to the bankruptcy wall when either the state or the world market gets around to erecting it in the shape of competition and/or a limit on credit. In the case of prices the market isn’t operating at all as the model demands.

Added to the financial cost is the psychological cost of despair. Russians face seeing goods they used to be able to buy now barely within their economic reach and goods they used to have to chase, but with some likelihood of obtaining them, priced well beyond their meagre purses. Prices for the most part are still very low by world standards but being told that a kilo of cheese at US$1.50 is a bargain is an insult to someone on US$10 a month.

Of course, the other side of the coin is that a small minority of Russians are growing very rich. Some are simply rich in Russian terms (making US$100 to US$500 a month), others have become rich in world terms, often via manipulation of the disparity in prices. These new rich, some criminal, some simply immoral and some honest, seem to like flaunting their wealth as they ride about in luxury Western cars, build new homes and go to the new restaurants where the cost of a main course is equal to two months’ worth of pension cheques.

A rapid and very visible increase in inequality and a high level of social mobility are key trends in contemporary Russian society. Money is now rapidly supplanting privilege as the source of social hierarchy. In other words, here comes the class system.

So far all this accords more or less with the impression we get through the western media. However, there is more to it than that. Judging by the figures for inflation, mortality rates or production (down over 17% by year’s end) life should have become a complete catastrophe. Yet what struck me was how the Russians were surviving on a day-to-day basis despite the hardship. How is this so?

First, the initial punch of the reforms was absorbed by the ordinary Russian’s existing defence mechanisms. Russians, by nature of an economic system revolving around shortage, are great hoarders. Most Russians I spoke to regarding economic problems would frown and then smile wearily and make some reference to their ‘stores’. Stores refers not just to food, though the number of pickling bottles in a Russian flat has to be seen to be believed, not to mention what’s growing on the balcony, but also to all sorts of other household items from fuse wire to extra socks. Thus the inflation was not going to reveal itself fully in people’s lives until these stores were exhausted. However, eight months after the initial freeing of prices, it was obvious that this was starting to happen.

Second, the economy has not yet been completely freed. There are still protected areas and these have been crucial to the maintenance of some semblance of ordinary life. Energy, housing and transportation have been far less affected by price rises than food and clothing. In many cases their prices have hardly risen at all. Thus, the actual cut in the Russian standard of living was to some extent hidden and, more pertinently, delayed.

The third contributing factor was the preservation of employment. Unemployment still remains negligible by western standards, although so do wages. This is a by-product of the dispute between the conservatives of the military industrial complex and Yeltsin’s free marketeers, which the conservatives have so far won. To put it bluntly, major Russian enterprises are still protected from bankruptcy by a continual extension of credit. This in turn means that the free market in labour, in its truest sense, has not yet arrived. Instead, Russians continue to work for tiny pay packets and then look around for other sources of income to supplement them. It’s a situation of hardship but politically and psychologically less explosive than massive unemployment. At the very least some routine and a measure of self-respect have been maintained.

A fourth mitigating circumstance was the level and ingenuity of petty trading. Its scale meant that for food at least there were some indications of market forces at work. Prices never actually went down as far as one could make out (hardly surprising given the Central Bank’s out-
put of money over the period) but competitive shopping was possible, particularly for plentiful items such as eggplant and tomatoes. The market traders, plus the new kioski (the young men and women selling all manner of goods from plywood kiosks which sprouted up everywhere in lieu of shop privatisation), did appear to offer some slim hope of an ‘organic’ market springing to life. All of this meant that, while the economy and, perhaps more importantly, people’s way of life were collapsing, it was to some extent hidden from view.

Out of the above picture two important conclusions can be drawn. First, most Russians’ survival so far has been based on delaying tactics. As the ‘stores’ ran out, many were sinking to the bottom. Furthermore, if the conservatives had not put a brake on the reform process, the move to free housing and energy prices would have rapidly moved the population over the edge into destitution. The Russians are still sliding towards a cliff, they just have a little more time than we thought. But more and more real victims are appearing.

Because of the particular nature of the Russian economy, inflation has taken very specific victims. These are most especially the old and the sick whom one now finds begging all around Moscow. The more enterprising and stronger old people stand in vodka, beer and tobacco queues at state shops. They buy cheap in the morning to sell at the market at twice the price in the afternoon. From their clothing and their demeanour you could hardly label them as ‘speculators’; rather, such behaviour is an absolute necessity to supplement their meagre pension cheques. Nearly all Russians I spoke to were shocked, saddened and humiliated by this. Moreover, impoverishment is compounded in Russia as compared to Third World economies hit by similar processes, because Russian families are very small. The extended family, so crucial to individual survival during the brutal period of capitalist modernisation, has been severely weakened in Russia by communist modernisation.

Another group suffering to a much lesser degree, but politically more significant, are state servants not involved in direct production. These people, including intellectuals, who previously enjoyed a middle to upper-middle class lifestyle, are now being catapulted into the ranks of the impoverished and have long-term unemployment staring them in the face. Often all they have left of their former lifestyle are ageing cars, some pleasant furniture and their books—and, of course, a relatively comfortable flat which they will probably have to sell to some young new entrepreneur-cum-mafioso to ensure an old age free from begging. Surprisingly, most intellectuals I spoke to had not turned against the reforms but I could detect a certain bitterness which was perhaps pushing them towards a more apolitical position. They are certainly less likely to rally to the barricades if the tanks come again.

Those coping best with the changes are, not surprisingly, the young. Students are abandoning their studies to get into business. Most popular among the more educated are kioski, services for tourists, currency speculation and import-export deals. It was quite incredible how many young men I spoke to had a trip to the Chinese border planned. The less educated are also in business, engaged in petty commodity production, simple buying and selling or running speculative or gambling rorts of one type or another.

Politically, nearly all Russians have been shifted into a sort of ideological limbo. The debates about reform, democracy and constitution have an increasingly abstract and surreal quality when viewed from the street. At the same time, enough of the old way of life persists to make tangible change towards the imagined utopia of the West seem very far away for most people. The main certainties are that life will become more difficult and more uncertain. Nearly all Russians, except the new rich and the old apparatchiks, are under massive psychological pressure. Planning for the future now consists of what might be possible next week or even by the end of the month. To plan any further than this, let alone for one’s children, is impossible.

In such a situation complete despair is a real possibility and I suspect for many is already a reality. If the Russian economy does go over the edge, either by inflation or unemployment, a political disaster could result. A massive outpouring of anger could find expression through the politics of either the Left or Right (the communists and nationalists, perhaps anticipating this, are already in coalition). Or a retreat to complete political nihilism could allow in any variety of fierce authoritarianism.

On the positive side of this grim picture the resilience, decency and dignity of ordinary Russians facing this terrible confusion should also be recognised. Despite the marked absence of law and order enforcement, most people live and treat one another as if it still existed. In lieu of family, friends anxiously watch out for one another; everyone talks about the breakdown of society but very few can be observed actually carrying it out. This basic decency may yet be the saving of the democratic society. Finding the means to deal with the forces unleashed by the reform process remains crucial. But for the person in the street they are perhaps even further away than at the beginning of 1992.

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MARCH 1993 ALR 49
BORN TO SHOP?

The Left disdains consumerism. Yet women historically established themselves in the public sphere partly through department stores and shopping centres. Gillian Swanson suggests this means we need to look more seriously at the commercial sphere.

There's a story about women and the city that goes like this: they aren't there. Women don't work; women stay at home and look after children; all they can do when they go out is shop. Poor them.

It's an old story which suggests that women's domain is domestic life while men occupy public space and shape social institutions. It's true to an extent—all stories have their symbolic force, and this one provides the basis of a whole range of historical dichotomies that have been used to organise social life. But when taken literally it insinuates that women are imprisoned in the home, weighed down by domestic responsibilities and too afraid of sexual assault to venture beyond the reassuring safety of the hearth. It thereby pathologises women as victims of their bodies and compliant in their subjection and their evacuation from the streets of the city, and it simplifies the issues to suggest that all we need is creches and good street-lighting.

Clearly we do need those for more women to really have the opportunity to maximise their mobility in the city to the extent that they may wish to. But this should not stop us thinking about women's access to citizenship and public resources in ways which take account of the imaginative and complex ways that they do insert themselves into the spaces of public life. It fails to notice the ways in which many women negotiate working and home life and what lies in between, and it avoids the observation that most women care for children for less than a quarter of their lives if they have them at all. If women's relation to city life is seen only as deficient, there is no account of the specific uses and patterns of association women may already have, or wish to form—one which must lie outside a sociological index of roles and responsibilities and outside a rather perplexing assumption that their greatest aspiration is to replicate the example of men.

The conventional distinction, then, between public and private spheres forms a peculiar picture of women's social life, one that ignores the permeability of such boundaries as well as the plurality of the involvements women may have. To ignore the relation between the two—sometimes antagonistic, sometimes reciprocal—may prevent us developing a diversified picture of the forms of public life we cater for in the provision of city amenities.

So how have women found a way into city life? The mention of shopping in the story is worth noting. Not just as a feminine complement to paid employment, as work, but as an involvement which can help us trace the complex history of women's entry into city spaces and an activity which offered them a significant role in modern commerce, as consumers as well as shop workers. Women were called up to nourish the bodies and minds of the nation, to produce effective citizens through their skilful manipulation of domestic finance and market information according to
moral, as well as physical, agendas. The targeting of women as consumers was a crucial role in the formation of modern nation states and one which asked them to engage with the newest forms of commercial technology and product development. 'Mindless consumption' wasn't in it. It was too important.

So when the term 'consumer' (usually tagged as feminine) gets used as a sign of mental evacuation, it overlooks the fact that this has a rather ambivalent history. The purchase of commodities isn't just a sign of ideological domination and market obedience, for the individual and the family and the nation aren't always in harmony with each other or the market, and goods don't only have one meaning. Buying American nylons in Germany after the war didn't mean German women wholeheartedly embraced the call to help build a hygienic femininity around a market-driven national economy, it was a statement of anti-fascism, a break in the history of national coherence, not a compliance with attempts at continuities and new alliances.

Part of the difficulty of fully understanding what consumption might mean in cultural life lies in its alliance with commerce. An interesting and topical example of the suspicion directed towards the commercial sector and its activities is currently being staged in Brisbane's Queen Street Mall. The Brisbane City Council has disbarred the distribution of pamphlets, newspapers and the practice of spruiking, whether from inside shops or by political or interest groups, under a 'clean-up' campaign harnessed to the project of livability. All of these are being classed as 'commercial' activities (selling and hawking) and therefore subject to the licensing requirements of commercial operations, available only for a fee of $180 a week.

The movement against the clampdown on the public uses of the mall is framing its protest according to a notion of free speech and freedom of the press. The City Heart Business Association and the Brisbane City Council argue that the rights of Brisbane shoppers are infringed by such activities and their 'traffic flow' is impeded. The polarisation of commerce and freedom here assumes practices of consumption to be quite separate from practices of citizenship; the Council and business groups do so in order to give priority to the operations of commerce and the rights of people occupying that space in terms that charac-
forms of consumption. Shopping is a particularly public space during the 20th century, was largely women have made to public life, their entry into activated.

and those which laid claim to a moral (sorry, clear that freedom of speech could not distinguish between racist and fascistic forms of speech and information oppose the non-free argument over the commercial centres bearing on the same mall is that they do not have access to public forms of surveillance. Women suffering harassment, for instance (many female students are employed in small stores, requiring them to leave after the 'flow' has disappeared) have no routine access to police for protection since the police are only permitted to enter at the invitation of the Mall's management. It's the appropriate form for sanctioning public activities that needs addressing, rather than simply opposing any management of public space.

Mostly we exert our own processes of constraint according to the convention of appropriate conduct. We do this as part of a recognition of others existing in the same spaces and the rights they have to a level of privacy and non-interference in public. So freedom in this context is a curiously inappropriate term. It is also one that arguably dropped out of credit when it became clear that freedom of speech could not distinguish between racist and fascistic forms of speech and those which laid claim to a moral (sorry, political) high ground. 'Freedom' in the case of the use of the Queen Street Mall only seems an appropriate term in opposition to a concept of the prisonhouse of commercial and governmental dominance. This does not help it lay claim to specifically civic rights, the definition of a public agenda and the development of a city culture, however plural. It simply asks that the space be vacated, to be filled by impromptu contributions made by those who feel so motivated.

The main feature of this argument over the uses of the Queen Street Mall as a public space is its invocation of the opposition between the public or civic and the commercial. Yet the claim women have made to public life, their entry into public space during the 20th century, was largely acted out in relation to commercially resourced forms of consumption. Shopping is a particularly important part of this legacy. Department stores targeted women as workers and shoppers, and thus contributed to a fundamental change in social relations that still hasn't fully registered in critical commentary in the cultural arena. For the rejection of such activities, the derogation of consumption as an activity that takes over the individual ('consumerism') has been characterised by its devaluation of tastes and activities seen as definitely feminine; undisciplined, wasteful, distracting, inauthentic and, especially, sensual at the expense of the intellect. When we give activities associated with commerce and consumption an entirely negative character, we are buying into a hierarchy based on the patterns of masculine activities (and paradoxically, despite contracted labour, a notion of the free and authentic individual) against feminine consumption as a passive, malleable and entirely responsible practice.

If, on the other hand, we consider just what women had to gain by taking up the invitation to shop, its tawdry lures might not seem so distant from this sphere of freedom. For when the New Women demanded entry into the professions and educational institutions from the 19th century onwards, an associated movement took place in the development of the consumption industries (city entertainments as much as shopping)—a link that was recognised by the newly emergent department stores. These buildings became representative of women's new public mobility; their activities as consumers took place in the most starkly modern edifices of technology and engineering which became indicative of the achievement of modern democracies.

Department stores offered not only a luxurious array of goods and services, but also spaces for all sorts of women's interests to be catered for: reading rooms, writing materials and telegraph offices, hair and manicure services, baths and health clubs, children's playgrounds and zoos, art exhibitions, lectures, and meeting places for women's organisations. Indeed, they became known as women's 'city clubs'. On this view, then, consumption is not a discrete space where women become passive, mindless subjects of corporate dominations.

'Consumption is not a discrete space where women become passive, mindless subjects of corporate dominations'
suggests we should develop policy frameworks that move beyond the traditional distinction of public and private identities, to look at the formation of communities around different indicators in a more fluid and provisional way than work or domestic roles have suggested. By incorporating the activities associated with consumption into our civic agenda, we may find a new range of ways of addressing the uses of public spaces, as well as proposing that a more varied set of amenities be provided in exchange for the private sector's occupation of city space. In other words, we have a right to ask the commercial sector to attend to a civic agenda rather than dismissing it in favour of certain activities thought more beneficial and authoritative than others generated by commerce (ie, leafleting, newspaper-selling and political addresses over shopping).

If shopping centres were to extend the model of the department store as a 19th century city club for women, in order to mobilise new forces of citizenship, they might begin to develop a new range of cultural resources for the city centre. Such a process starts by favouring the ways of occupying city space that women have developed, but it could also create the space for alternatives and plural uses of city resources for different groups. Breaking down the dichotomy of public and private to make an important claim to the resources of the public realm, it also begins to define forms of citizenship that go beyond that antiquated model of the white, male, property-owning citizen who defines himself according to his occupation.

In Brisbane, the civic centre of the King George Square has been replaced by the Queen Street Mall in the next street across. A river separates this commercial centre from the Cultural Centre and the South Bank Parklands, and so segregates their uses, if not their publics. Some exchange needs to take place between these public venues in order to develop a more diverse set of occupations and to enable us to rethink the relation between the commercial and the civic. Those protesting against the negative policies towards the uses of the Queen Street Mall are right to point out the need for a more diverse set of public amenities, but the rhetoric of freedom misses the opportunity to formulate specific agendas for funding access to public forms of association and social definition.

We need to explore the provision of civic amenities in association with commercial bodies, rather than hold on to the few public spaces we have against the insurgence of private ownership. This would surely offer a more positive form of engagement with the corporate sphere; that it can work to the benefit of the community interest may be shown by the use of the South Bank Parklands, partly privately owned but offering enough public territory for 100,000 people to celebrate Australia Day. It's this kind of example that shows the bankruptcy of the notion that only publicly owned spaces can ever take on a fully public civic role. Just as department stores offered spaces that for the purposes of women entering social life were fundamentally public, the South Bank and other privately owned spaces such as shopping centres are spaces whose public natures are defined around their uses not their ownership. Privately as well as publicly-owned spaces may be governed in ways that cater to civic subjects and contribute to civic life. There is simply no reason why this interest should not form part of our urban cultural agenda. Then we could really talk about livability.

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Thank You

Like any small magazine with limited resources, ALR has always had to rely on the goodwill and patience of two particular groups of people for its survival. ALR's contributors rarely got paid, almost never on time, and never enough. Most of them could have been much more profitably employed doing something else, yet they always came up with the goods for us (well, almost always).

Our subscribers' only fault was that they weren't numerous enough. But without their support ALR would have been dead long ago. We will do our best to ensure that everyone whose subscription still has some issues to run is offered some form of recompense. Subscribers will be notified in due course of their options. Thanks again.
The dominant radical rhetoric on AIDS holds that the interests of the gay community are opposed to those of the state. MICHAEL BARTOS thinks such romanticism misplaced. He argues that AIDS policy in Australia is a classic example of good government and its relation to communities.

If you don’t much care what your target is, oppositional politics is easy. You can always cover up for an embarrassing lack of a realistic agenda for change by grappling with forces as vast as they are chimeric: the system, imperialism, patriarchy, capitalism. In fact, by overstating the coherence of the power you oppose and avoiding any specification of its effects, the warm inner glow of progressivism can be protected forever from the unsettling currents of tactical engagement with actual social and political circumstances.

The immense tragedy of HIV/AIDS has created new political fields, together with some familiar and well-rehearsed political positions. There have been reactionary responses: taking the epidemiology of HIV as evidence that homosexual sex is unnatural or sinful, or as evidence of the racial inferiority of Africans (or, in the US, all people of colour). There have also been various extreme Left oppositional responses, like the claim that AIDS in Africa is a colonialist myth, or that HIV was developed by the CIA to selectively eliminate undesirable sectors of the population.

More subtle, and more pervasive, is a less extreme oppositionalist argument from the Left: the idea that the politics of HIV/AIDS has been fought out through an essential opposition between the interests of the communities most affected and the power of the state. On one side in this argument are the Third World, gay men, injecting drug users, sex workers, ethnic minorities, and women; on the other side are heterosexual men, scientific medicine, drug companies and mainstream politics. There are just enough grains of truth in this picture for it to maintain its currency, but in important ways it obscures more than it reveals. In particular, it promotes the glib assignment of roles of goodies and baddies in the struggle against HIV/AIDS, making it useless as a means of distinguishing between strategic compromise and co-option.

This distinction is crucial, especially given that the oppositional politics of HIV/AIDS in Australia is currently in crisis. This crisis is marked by the fragmentation of ACTUP, which has largely lost the credibility it had a few years ago. The AIDS Coalition to Unleash Power was formed in New York in March 1987, motivated by a perceived lack of urgency in the response of both governments and AIDS service organisations to the AIDS crisis. The hallmarks of ACTUP were confrontationalist direct action, loose non-hierarchical organisational structures, and a sophisticated engagement with the media. ACTUP was able to make political irruptions of extraordinary symbolic power, exemplified by the slogan ‘Silence = death’.
I refer to ACTUP’s strengths in the past tense because the movement became very fractured very quickly. In Britain, ACTUP became a target for Trotskyist entrism almost as soon as it was formed. In the US ACTUP appears to have become consumed by issues of race and gender.

In Australia, the high point of ACTUP probably came at the National AIDS Conference in 1990, where ACTUP intervened at a number of points in the Conference, focusing attention on the availability of drug treatments. At the time, the government’s commitment to reforming Australia’s drug approval procedures was in the balance; rearguard actions on the part of the Therapeutic Drugs Administration threatened to negate proposed reforms.

But at the subsequent conference in November 1992 ACTUP’s presence was less productive. After the Conference’s opening session, ACTUP’s lack of a clear agenda was painfully obvious. The debate about drug availability in Australia is more complicated now than it was in 1990. The drug approval process is now working as well as could be hoped, but there are problems with the placement of approved drugs in the various funding schemes. Commonwealth/state relations are at stake here, as costs are shifted between hospital pharmacies, the Medicare agreement, and the Pharmaceutical Benefits Scheme. ACTUP failed to define any coherent demands in the face of these or any of the other issues facing people with HIV/AIDS. ACTUP’s speaker at the conference’s final plenary resorted to the accusation that each and every member of the audience was not doing enough to fight HIV/AIDS.

ACTUP’s strength had always been the specificity of its interventions, and resorting to generalised anger marked its loss of direction. In response to criticisms from journalist Martyn Goddard, a correspondent of the Melbourne gay newspaper Brother Sister asserted the continuing relevance of ACTUP’s attack on ‘the system’, and in particular ‘the system’s’ valuation of science over community. But in fact it is precisely the breaking down of simplistic oppositions such as ‘people with HIV vs the system’, or ‘science vs the community’ which has been characteristic of the politics of HIV/AIDS in Australia.

A number of distinct phases can be seen in Australia’s policy response to HIV/AIDS. Australia had its first AIDS diagnosis in November 1982. During 1983 gay community-based AIDS Action Committees were formed in NSW and Victoria; the National Health and Medical Research Council established a working party on AIDS; and in NSW a government consultative committee was formed with AIDS Action Council representation. Over the next five years policy developed rapidly, culminating in the development in 1989 of a comprehensive National HIV/AIDS Strategy.

The third and most recent period in HIV/AIDS policy in Australia has seen the increasing institutionalisation of the various elements of the strategy. Among other things this has meant the extension of dedicated HIV/AIDS research funding into social research from its initial focus on virology and subsequently clinical and epidemiological research; the continued development of community-based organisations as an important site for HIV/AIDS education, care and support; and the formal recognition of a partnership between federal and state governments, community-based organisations and affected communities as the basis for policy-making. The main area of new policy since 1989 has been treatment, and especially drug approval processes.

The history of HIV/AIDS in Australia shows that community-based organisations have been active participants in the policy process from the outset. The two groups in Australia which are vastly disproportionately affected by AIDS are gay men and haemophiliacs. From the time that it became clear that HIV could be present in blood products, haemophilia associations have been involved with AIDS issues, although that involvement changed somewhat once the safety of the blood supply could be ensured. Gay men and organisations based in the gay community were involved even before the medical and bureaucratic engagement with HIV began, and continue to be key players in HIV/AIDS policymaking.

Given this policy history, how are we best able to understand HIV/AIDS in Australia? Some of the answers to this question have placed HIV/AIDS at the centre of the ‘legitimation’ problems of the modern state, or as the most revealing example of the postmodern focus on people’s identity as ‘subjects’. One frequent refrain has taken the connection between AIDS and sexuality, and homosexuality in particular, as the starting point for arguing an essential opposition between a non-repressed sexuality (‘the other’, or the ‘abject’, or the ‘queer’) and the state. In this account, advances in ameliorating the effects of HIV/AIDS are due to the triumph of the gay community against the entrenched homophobia of the state. Attached to this triumph, however, there lurks the anxiety that gay men have been co-opted, and are unwitting collaborators with the state in increasing the surveillance and regulation of gay sexuality.

For example, Thomas Yingling gives an account of AIDS in America drawing on French postmodernist Jean-François Lyotard’s description in The Postmodern Condition of the dissolution of ‘grand narratives’ like ‘modernity’ and ‘socialism’ into multiple, incommensurable discourses. He translates Lyotard to AIDS to find:
"The account of AIDS/HIV which sees responses to it principally in terms of homophobia, leaves out far too much of the story."

Whatever its accuracy in the US, this picture of 'incommensurable discourses' is belied by the Australian experience of HIV/AIDS—an experience which has seen a deepening of the relationships between medical researchers, social researchers, clinicians, and patients conceiving of themselves, individually and collectively, as active partners in the management of the disease. While some sections of the medical establishment and the media seem to consider gay male culture perverse, a considerable amount of public funding and research interest has nevertheless gone into even the most arcane aspects of gay men's behaviour—for example, the programs directed towards men who have sex with men at beats.

But the romantic-oppositionist trend also has its Australian exponents. For example, Deborah Lupton in the Australian Journal of Public Health argues that critical social and political analyses are a point of resistance to official discourses on AIDS, and that many of those who have sought such a position are from the ranks of homosexual men who have seen their friends and lovers die, and who are angry about the continued discrimination, stigma, ignorance and sheer apathy to which homosexual men with AIDS have been subjected on the part of government officials, medical practitioners, research scientists and drug companies.

Such general accusations of indifference are neither useful nor accurate. Many medical practitioners, particularly those clinicians and nursing staff who work in HIV/AIDS areas, have given unstinting service to people with HIV/AIDS. Discrimination by health professionals against gay men and people with HIV/AIDS remains a serious problem, but it is by no means universal. Government officials have responded to the needs of the epidemic, including the needs of the gay community. It would be fairer to accuse drug companies of rank profiteering than indifference, since they have actually concentrated heavily on gay men and AIDS, with their eyes on the most effective lobby to maximise drug sales of even vaguely promising new treatments.

The picture of indifference, or the account of HIV/AIDS which sees responses to it principally in terms of homophobia, leaves out far too much of the story of HIV/AIDS in Australia. Policy need not be seen as fundamentally deriving from the exercise of power from above. When power is seen as pervasive and productive rather than repressive, the actions of modern government (in the widest sense) can be analysed in their complexity, rather than as simplistic oppositions.

One model for such analysis is Foucault's notion of 'governmentality'. Foucault defined governmentality as the calculation and tactics which enable the exercise of power, "which has as its target population, as its principal form of knowledge political economy and as its essential technical means apparatuses of security". The concept of governmentality has had its day.

The most comprehensive and refined expression to date of Australia's HIV/AIDS policy is the National HIV/AIDS Strategy adopted in 1989. Its set of guiding principles illustrate a variety of governmental techniques: HIV transmission is considered preventable through education to change individual behaviour; not becoming infected and preventing further transmission is explicitly deemed a personal responsibility; and the law is assigned the role of assisting education and public health.

Central to the strategy is the principle that public health objectives will be most effectively realised if the co-operation of people with HIV is maintained. The government of populations has been progressively extended from 19th century environmental conceptions of health and welfare (through urban planning, sewage and so on) to 20th century concerns such as self-esteem and happy families. Coercive interventions in particular populations would run counter to this trend. The administration of the population of people with HIV as part of the whole population entails the right of people with HIV to community participation and services without discrimination.

The only discordant principle in the National HIV/AIDS Strategy is that the community as a whole has the right to appropriate protection against infection. This principle is less concerned with the techniques governing individuals' subjectivity than with earlier, simpler conceptions of the protection of the population against disease conceived of as an external threat. The discourse of rights in relation to protection from disease has
uncomfortable implications for humane government.

The mark of good government implicit in the National HIV/AIDS Strategy is the extent to which individual needs and desires can be administered in conformity with the goal of the common good. The exercise of various techniques of calculation over the field of population is characteristic of Australian HIV/AIDS policy, with the result that one of the main issues for its politics is how particular populations are conceived of and deployed. The idea of population is a relatively recent one in Western political thought, but it has become central to the practices of modern government.

HIV/AIDS policies in Australia have in part been directed towards the conventional array of populations. Specific education and support initiatives have targeted women, people of non-English speaking background, and Aboriginal and Torres Strait Islanders. The selection of these populations is not the result of a particular epidemiological warrant; rather, it is because these are always the populations to which public health and welfare initiatives are directed. Equally, the perceived need for programs for prisoners and sex workers derives more from the long association between the criminal classes and prostitutes and public health controls (especially in the case of sexually transmitted diseases) than it does from the actual prevalence of HIV.

The population which has been relatively novel as a target of governmental health and welfare intervention is gay men. Gay men have been targeted because in industrialised countries that is where HIV infection has been concentrated (and to a greater extent in Australia than anywhere else). As a governmental strategy, targeting has depended on the concept of risk. The initial identification of AIDS depended upon statistical assessments of risk of disease, and the concept of risk group continues to underpin programs aimed at prevention of further transmission. The focus on 'risk groups' rather than 'risk activities' has been criticised for tending to marginalise risk group members and condemn them to their fate. But it has proved impossible to do without the idea of the 'risk group', and more recently even its critics have acknowledged the need for the concept to counter any reduction in the emphasis on gay men as a policy target and as funding recipients.

The idea of targeting programs to risk groups has been combined with another powerful governmental dynamic: the progressive replacement of external regulation by self-regulation. As British sociologists Peter Miller and Nikolas Rose have noted, the various kinds of expertise involved in the government of social and personal life shape conduct 'not through compulsion but through the power of truth, the potency of rationality and the alluring promises of effectivity'. The shaping of conduct through the power of norms and self-regulation has become the orthodoxy of the new public health and the World Health Organisation. Community development has thus been seen as a key strategy for achieving improved health outcomes. This is the rationale behind the support for gay community-based organisations as leaders in the fight against further HIV transmission, and as leaders in the provision of community-based care.

Community-based strategies for health intervention are a response both to modern government's focus on the administration of populations and to the tendency for internalised self-regulation to displace external control. But there is some tension between these two dynamics. To date in Australia the gay community and the gay population have coincided for the purposes of policy, but that situation will not necessarily persist.

When HIV/AIDS emerged in Australia the gay community constituted the only possible route of access to the gay male population as a whole. The administrative or conceptual structures which might have allowed some other access to this population did not exist. At present, federal government researchers (including the National Centre in HIV Social Research), the Australian National Council on AIDS, health bureaucrats, and community based organisations are all engaged in the 'invention' of a new population—the population of men who have sex with men. This population has been invented because of doubts whether the idea of the 'gay community' is robust enough to bear the full weight of public health policy in relation to HIV/AIDS.

It is still an open question whether the invention of this new population will result in a divergence of strategies between those directed at the community of gay men and those directed at the population. If there is such a divergence, then it is arguable that the effectiveness of HIV/AIDS policies will be reduced. The most reasonable conclusion seems to be that government seems to work better when the focus on population works hand in hand with moves to greater self-regulation—in other words, when the techniques of government are combined with increasing support for community activism.

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Aboriginal culture can more easily be disregarded while it remains marginalised. Yet when it moves into the mainstream it is often accused of 'selling out'. STEPHEN MUECKE argues that the dichotomy is a misleading one.

"Hey, listen you guys, we've got a good idea. How about you and me try and get down and come back to where we started from, stand on an equal footing?"

Mandawuy Yunupingu

Mandawuy Yunupingu is Australian of the Year. He led the Aboriginal rock band Yothu Yindi from NE Arnhem Land to a position where, in 1991, their Treaty single hit the top ten. But let's go back to an earlier video clip whose title describes this process: *Into the Mainstream*. Over the past few years there has been a centralisation of the (Aboriginal) margin going on, and it calls for new political strategies in cultural policies—the arena where meanings are made.

Yunupingu is a man with a mission: university educated, but from a community which has always been relatively isolated from the massive depredations that 200 years of colonisation have wreaked upon Aboriginal cultures. He wants to bring together the 'white-fella' (balanda) and the Aboriginal (Yolngu, his tribal group). His version of this political/cultural consensus is supported by a number of intersecting discourses, as the images and lyrics in the video clip show.

Without seeing it here and now, you'll have to take it on trust that there are three stories being told here. One is about pan-Aboriginality, a new concept in a land where traditionally about a million people used to live in relative isolation, without any unifying political structure, but with some cultural continuities. Even as more and more Aboriginal people are participating 'in the mainstream', among them there are still conflicts and differences. The struggle is hard against entrenched patterns of discrimination, yet the stakes are high: there is a whole 'Aboriginal industry' tied in with the tourist industry, knowledges (museums, anthropology), and the delivery of welfare and other social services.

The images of Aboriginal art in the clip inscribe this pan-Aboriginality: images from the Kimberleys (to the west of Yirrkala, where they are singing from), of Wandjinjas, the haloed mouthless heads, gods of the rain, flip over to the now famous 'dot' style of painting from Central Australia, and the more traditional bark paintings from Yothu Yindi's own country. This cultural cut 'n' mix says more about the contemporary Aboriginal situation than traditional practices—by which I mean that it says more about the way art entrepreneurship and tourism 'appropriates' traditional designs as a way of promoting the whole country, even though the designs have very specific reference in the home 'countries'.

The group seems to have paid more attention to musical copyright than that relating to the images in the clip. Yunupingu said in an interview:

We had to draw on copyright for the traditional sections so that we weren't being sell-outs to our own culture. This requires us to go down and sit with our elders and solve the problem.

The producers of the clip, Axolotl, had the images cleared for use by the Aboriginal Arts Board of the Australia Council.

The second story is about consensus, building bridges, a metaphor much used in the Christianisation process of Aborigines. It is also...
the name of a recent album on which blacks and whites play together. Christianity, with a dash of liberation theology, is perhaps more important than radical politics in the construction of pan-Aboriginality because of a common missionary background in most cases, and an ability to transform and adapt Christian narrative and ritual to Aboriginal ways. “Making money can be one thing, building bridges can be another,” they sing in another song.

The last story is about achievement, economic and cultural. They want to “strike or penetrate the music industry in Australia, and the world for that matter” at the same time as delivering a moral message about “living together, learning together” as the kids are shown getting down and dancing at a bush concert. Up there on the stage is their teacher from the Both Ways School (in Yirrkala, Yunupingu is headmaster), and the close-ups on their faces say one thing: this is the future of Aboriginality, and ‘future’ has suddenly become an indigenous buzzword: “We want to give them encouragement, a sense of direction, to feel proud of their Yolngu culture.”

Other Aboriginal groups like No Fixed Ad-

dress, Coloured Stone and Scrap Metal have been around longer and have not had as much exposure as Yothu Yindi. In fact, it’s still very hard for Aboriginal groups to get on mainstream TV, just as it’s very hard to find an Aboriginal model or air stewardess—and you don’t find tourist brochures selling tropical paradises with the charms of the local women. As suss as they are, these stereotypes are still off-limits for Aboriginal people. The marketing manager says the product just won’t sell, so we continue to hear stories about Aborigines based on primitivism, repression/liberation, or ghetto failure. So while some sympathetic white kids sing ill-conceived songs about their guilt, Yothu Yindi has come along with a quite shockingly assertive statement about really being quite normal and OK.

Yunupingu, an enthusiast for the metaphor, says that the musical style comes of cleaning the jungle in terms of bringing about a different kind of music which involves two music dynamics, one that is forty, sixty, eighty thousand years old and one that is contemporary music.

He missed his chance here to link hands with
the African roots of Rock—even though the group was keen to meet other indigenous people when they were in North America. His rhetorical point is simpler: we are sovereign in our own country, but we can play your musical game too. And they do; the didjeridoo provides a slow cycling bass, sometimes squawking when voice is added to lip vibration, and a more punctuated rhythm is in the clicking of the bilma, clapsticks. The one blocks the bass area, while the other

arts, but especially painting, were being bought cultural renaissance, as all forms of Aboriginal people demonstrated in Sydney against 200 years with Aboriginal traditions—a compromise that.

different matter from stylistic theft, the use of boundaries, by stylistic quotation. This is quite a according to which one can assume that it is also be taken as a metaphor for cultural politics, clip leads me to posit a kind of 'affirmative appro­

This is history: the time of spears and rapid fusion taking place."

On the clip Yunupingu is playing guitar and singing with his feet in the sea at Yirrkala. One can imagine his friends screaming with laughter: "Watch out bro', you gonna 'lectrocute yourself!" But with his wonderful smile he sings of traditional values:

Cloud formation in the west today
Thunder and rain reaching here tonight
Listen to the music of the spear-grass crying
Down along the rivers and the valleys of the Yolngu land

This is all locally significant. The change of seasons as the 'wet' arrives has spiritual and practical consequences; the 'crying' of the grass is no accidental metaphor, from this writer especially. This is history: the time of spears and rapid degradation of Aboriginal culture is gone, but land rights have restored the Yolngu sovereignty and pride.

For Yothu Yindi, the 'mainstream' is both living in white society and continuing to flow with Aboriginal traditions—a compromise that was not always expressed at the Bicentennial march in January 1988 when 20,000 Aboriginal people demonstrated in Sydney against 200 years of colonial rule. There, more liberationist rhetoric was employed, even though events hardly touched on the violently revolutionary. At the same time, others were speaking of an Aboriginal cultural renaissance, as all forms of Aboriginal arts, but especially painting, were being bought up in a big way in New York.

The complex rhetoric of Yothu Yindi's video clip leads me to posit a kind of 'affirmative appropriation'—sometimes called fusion—for their musical style. 'Affirmative appropriation' can also be taken as a metaphor for cultural politics, according to which one can assume that it is 'alright' to dialogue respectfully across cultural boundaries, by stylistic quotation. This is quite a different matter from stylistic theft, the use of designs without appropriate copyright clearance. And it also causes one to reconsider the usefulness of the spatial metaphor of centre and margin for cultural politics.

Aboriginal teachers always say: "Follow the tracks of your mother; don't stray". And mothers might say to their children: "Don't ask too many questions, don't be garrulous: watch and listen". This is a politics of the example, as opposed to a politics of critique. Talking about European uni­

fication recently, French philosopher Jacques Derrida had occasion to develop this notion of the exemplary. In The Other Heading: Reflections on Today's Europe, Michael Naas, his translator, introduces Derrida's essay by saying the question of the example is the question of politics. Giving priority to the rhetorical conditions of the example enables us to examine the "possibility of beginning not with a politics of which we would then give examples, but with examples out of which we might invent a politics". And, indeed, it is hard to imagine a political speech which did not work towards a generality on the basis of specificities; it is through giving examples that the politician attempts to forge identity and identification. The evocation of 'nation'—or, indeed, 'republic' in the current context—becomes a rhetorical divide whereby new identities can be mobilised.

Under what heading, Derrida asks, can one begin to think about political discourses to do with national and supranational sovereignty and identity? Especially when names of individual nations like France and Spain are being sub­sumed under the broader heading of Europe? Could the provisional heading for this project be the postnational, indicating a provisional recon­struction towards nationhood which investigates its own rhetorical tactics?

Derrida's own examples refer to Europe and its Others, since it is always a question of rela­tions—gazing over borders—when it comes to the definition of nation. Europe developed as Europe because it defines non-Europe as Other. Now, as European nations disintegrate and re­form amid a resurgent racism—towards Africans (in France and Italy), and Gypsies and Jews (in Germany and central Europe)—non-Europeans especially are an irritating presence for the radical conservatives like Le Pen in southern France, the neo-Nazis in Germany, and those in the UK who still consider the continent to be full of foreigners. Similarly, current uses of 'Australia' tend to expose our versions of the heart of dark­ness.

Rejecting both the complete unification and the fragmentation of Europe, Derrida calls for a renewal of Enlightenment values and liberal de­

mocracy. While Derrida continues to see En­

lightenment values as imbued with Eurocentric
chauvinism, he now puts the case, in reflecting on Europe, for finding a transformed Enlightenment ethic. "Is it not necessary," he asks, "to have the courage and lucidity for a new critique of the new effects of capital...?" He is careful to point out that he has both resisted the "frightening totalitarian dogmatism" of Marxism and will resist neocapitalist exploitation in the realignment of the new world order.

Paradoxically, Derrida helps us forget about Europe as an exemplary philosophical locus, its history standing as an example to the others. Historically, so far, neither Asia as a region nor Australia as a nation has really counted on a world stage. This amnesia would coincide with all the work of remembering the Aboriginal holocaust. The 'hidden history' is the familiar heading for this recuperative work, but the recovery of lost history can also be coupled to a politics of exemplification. The best known international example from Australia is Sally Morgan's My Place, a bildungsroman of Aboriginal identity which, while it has been criticised as abandoning an earlier politics of the 'problem', precisely introduces a politics of the personal example, thereby contributing to an acceptable 'technology of the self' for Aboriginal peoples' self-definition in Australian history.

Another example: the work of Walmajarri designer Jimmy Pike makes for a good case study in the shifting relations of Aboriginal cultures, government agencies, and private enterprises like galleries and art entrepreneurs. To put it in a kind of narrative, Jimmy Pike would have had a number of options when he was paroled out of Fremantle Jail in 1983. He could have gone back to drinking in the fringe camps of Fitzroy Crossing, but that would have meant breaking parole and further jail. The other option he already had available was art work, and this was something that had already been introduced to him by his art teachers Stephen Culley and David Wroth, graduates of the W AIT (now Curtin University).

If the Department of Corrections hadn't originally conceived of art classes as some spirit of 'corrective' therapy, then Pike would never have met Culley and Wroth, nor would he have necessarily had any idea that art provided a way out and a way to respectability and now fame. Like many other Aboriginal people he found that art, the exploitation of his culture's resources, was a way of recasting one's status and finding a way out of the fringe camps and into the 'middle class'.

Yet, having chosen art as the only viable way of rehabilitation, Pike could still have taken a number of routes:

1) He could have chosen a kind of welfare/preservation model for his work: seeking grants through the Visual Arts Board of the Australia Council or other sponsoring bodies, and doing his work for sale or for collection and preservation in museums and galleries. Under this model his work as a traditional man would tend to be subsumed under a kind of past-tense cultural framing: 'primitive', 'timeless', 'natural' and so on.

2) Another way would have been to opt for a 'community arts' model, a model which would also depend on government money to set up workshops for the production of objects for local sale within the Aboriginal community or to tourists. Pike might then have become a designer for silk screening on T-shirts or have done paintings for direct sale. He could have combined this work with option (1). But I don't think this option was available to him, or it is not yet available. Prior to the time spent in jail, his life around Fitzroy Crossing was not spent in ways that earned him any great respect in the Aboriginal community. To be fully a part of it, to participate in meetings and ceremonies, he would have had to be sober like the Christian Aborigines who use the church and their own cultural organisations to consolidate a delicately surviving group of cultures.

3) The third option was, in any case, virtually in place when he went back to the Great Sandy Desert on parole. Culley and Wroth were starting things moving to set up Desert Designs with Pike's work as the first major design story. Later on, when the Byers Company in Sydney took up the manufacturing contract, the designs were being seen on a full range of men's, women's and children's wear, and then later the 'total design concept' fleshed out to Oroton accessories, shoes, rugs, Sheridan Sheets, Speedo, and so on into overseas franchises. Pike thus became a contract design artist whose prints and paintings are now being sold alongside the products which also bear his designs. For the Desert Designs company there is a kind of balancing act between the notion of Jimmy Pike the artist—for whom they sometimes feel compelled to do a romantic promotion of the artist as 'genius/Aboriginal/isolated in the desert'—and the Jimmy Pike products which the big stores like Grace Brothers market alongside Jenny Kee, Weiss and Ken Done.

The third option was the one which fitted in best with Pike's situation; the necessity for rehabilitation, his isolation from his own community, his 'bourgeoisification' and the desire for a regular income. Under these conditions he has become precisely the sort of Aboriginal private business promoted by Mick Miller in his report for the Department of Employment and Industrial Relations in 1985, sent around in videotape versions to Aboriginal communities. Miller deplored the fact that in the cities Aboriginal people seem to be only employed by government or their own organisations. He states that the private sector

'Historically, neither Asia as a region, nor Australia as a nation has really counted on a world stage'
employs 75% of the workforce, and that Aboriginal people should not only be part of that 75%, but they should also be setting up businesses and thus creating money and employment in their own communities and breaking down somewhat the welfare provisions which keep many rural communities going. Jimmy Pike is thus the ideal representative for this model. As a kind of entrepreneur in his own culture, he has succeeded in transposing the designs from his traditional past in the Great Sandy Desert to media suitable for fashion prints and has thus escaped the confines of museums of the 'timeless dreamtime' and government grants, and has opened up the possibility for further employment of his own people in an industry which need not necessarily belong only to white people and their ideas.

In a quite different sense the use of Aboriginal design in fashion is close to the traditional idea of 'body painting'. Providing the designs are 'public' and not 'secret/sacred', the idea of body decoration through fashion may be closer to Aboriginal ideas than framing paintings and 'capturing' them for the museum and gallery market. The concept of body decoration spans both Aboriginal and European cultures; both cultures could be seen to have this common concern to transform the image of our bodies and in the process make them relate to our country, especially with a range of line and colour which is quintessentially Australian at a time when nationalism is running high and nationalist discourses are turning, as always, to 'the land' to look for a 'source'.

Jimmy Pike's success depends in part on these nationalist formations, but it is also the case that he has created a kind of 'writing'—defined broadly as cultural meaning—which is not destined to be fixed in books or museums. Rather, it penetrates the mobile social spaces of the whole of Australian society by being carried around, nomadically, on people's bodies. It becomes, therefore, an art of everyday life, a 'smart' dress or shirt for the suburban dweller, something for the beach or the Kakadu Klub. There is thus a subtle diffusion of Aboriginality through the social spaces of the metropolis rather than the ghettoisation of Aboriginal cultures in the places we know, have always known, where to find them: the fringe camps or the museums.

Becoming mainstream, for any minority, can involve cultural losses. But it can—perhaps even needs to—involves escaping the cultural prisons which are always lurking in the background.

The margin-centre opposition really starts to disapper when European systems of knowledge are placed so as to demonstrate the long history of their operation as the effect of their colonial Other, a reversal encapsulated in Franz Fanon's observation: "Europe is literally the creation of the Third World". White Australians, as colonisers, were therefore never acting autonomously; they were dependent on those they were enslaving for the sense of what they were doing. Racism, therefore, can't simply be removed with policies on 'positive' images in films or mass media. The best we can hope for is an historical understanding of the effects of placing one representation against another. And then not turn around and decide that one should be central.

Yes, I'm afraid so—postmodernism. The postmodern idea of a politics of exemplification—paths to follow which go somewhere—can be opposed to the 'transgressive' politics of modernist critique, which constantly rediscovers morally ascendant positions on behalf of the marginal. Postmodernism in cultural politics makes a case for regional authority; limited 'regimes of truth' at specific sites which can be respected without the one (the centre) having access to an overarching critique. It also allows for the possibility of movement out and away from established identities and stereotypes towards hybrid identities. This may be the case for Kim Scott's first novel True Country (Fremantle Arts Centre Press, 1993), which seems to create yet another mode of being Aboriginal in Australia—one infused with the stresses and strains of hybrid relations, with a delicate and poetic voice in-between English and the Aboriginal vernacular.

For marginal identities coming into the mainstream needn't mean being preoccupied with its legitimising power. Fortunately, in Australia there is already a formal 'culture of difference'—multiculturalism—in which identities find their strongest definition by being grounded in narratives of formation (history) and perpetuated in narratives of transformation. Among British and American theorists 'hybridity' seems to be a new buzzword, one that involves acknowledging one's complex cultural position. This transforming of identities emerges in cross-cutting cultural spheres where texts are inspirational, even life-enhancing, materials. African American theorist Michele Wallace says in Invisibility Blues: "Race is a game played with mirrors called words...But I can't tell whether 'game' is a cynical or joyful word here. I guess it cuts both ways.

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It was about 6.30 pm on a late January evening on a hillside in Sydney’s Eastern Creek. The day had been extremely hot, the crowd was extremely large, defiantly young and growing ever more excited as 8.00 pm, bringing Guns and Roses on stage drew near.

Sebastian Bach, support band Skid Row’s front, was in extremely fine voice—whatever you think about him, the guy can sing. At one stage he left off his enthusiastically applauded diatribe against all boring old farts and the things they cherish, to give praise where it was due.

Rose Tattoo had performed earlier with badly distorted sound that the faithful had no trouble deciphering into songs. They were led by a bouncing Angry Anderson—who, from a quarter of a mile away looked like nothing less than a tattooed Humpty Dumpty in an Elvis suit (even through binoculars). But that sort of distance reduces everyone without extreme star aura—and the techno effects to substantiate it—to muppet appeal.

“Whoa-yay-yo!” the crowd graciously screamed back.

“And how ‘bout the guys who gave us the great fuckin’ beer?”

“Yeah!” bellowed the crowd in growing ecstasy.

“And waddabout those security guys. They’ve done a fuckin’ terrific job in this fuckin’ heat.”

“Yo!!” The response thundered around the hills—the crowd was now thoroughly aroused by their own volume.

“An’ now lemme hear it for... Kylie Minogue!”

I swear there was a guarded pause before the crowd obliged:

“BOOOOOO”

The bang had become a whimper when up from behind, one lone intrepid defender threw her fist in the air and yelled out “yay Kylie”. And
then "fuck the lotta ya!" to all who'd
jerked round in disbelief.

I wanted to laugh. I did. I wanted
to yell out "what she said". I didn't. I
was only one of four baby boomers
among 79,996 of our descendants. I
figured my support could only under­
mine Kylie's case.

But for those of us who work in
cultural analysis, arguing Kylie's case
always seems difficult. It's a difficulty
which is focused by two popular no­
tions in current criticism—those of
"reinvention" and "the woman who
articulates stardom on her own terms." Before expanding on these terms, how­
ever, I need to explain the dilemma
within the following interpretation of
stars.

It's easy to focus on stars as sub­
jects of myth and fantasy—as charac­
ters in a story whose stage is the whole
world and whose author is its people.
It's a focus which was given direction
by the Hollywood studio system from
which actors came complete with care­
fully constructed star biographies. No
hint of human deficiency, no less­
than-heroic traits were allowed to
crease the perfection of the image. In
today's information society with its
proliferation of stories purporting to
reveal the real person behind the star,
this degree of manipulation isn't pos­
sible. But rather than destabilising
the star structure, such stories make myth­
makers of us all; now we all collude in
masking a star's human traits to con­
struct a super-human hero. As sub­
jects of popular imagination, pop stars
can tell us a lot about our society.

Filling the leading roles in our collec­
tively constructed narratives, they re­
veal what characteristics and behav­
iors are significant to us and in which
contexts.

And so to the reinvention of Kylie
and the question of her legitimacy: is
she or is she not a 'legitimate role
model', a woman who "articulates star­
dom on her own terms?" Reinvention
is a nice succinct term, useful for de­
scribing the process of image change
that some music stars, like Kylie, like
to undergo. It's one of those buzz words
which the 90s has unproblematically
inherited from the 80s, probably be­
cause it has currency in both popular
and academic criticism. But the value
of this currency rises and falls accord­
ing to who it's applied to.

Using the term to describe Michael
Jackson's metamorphosis seems rather
like trying to use monopoly money to
buy the real thing—it is, after all, a
description of a surface rather than
the structural change which Jackson
has sought by attacking his very gene
pool. Applied to a George Michael or
a Taylor Dane, it has connotations of
development and approval—an en­
thusiastic back-pat for moving away
from the triviality of their pop days to
the seriousness of the solo rock art­
ist—always supposing there is a recog­
nisable line separating pop from rock.

When applied to Kylie Minogue
the term reinvention often implies a
change for the sake of change, a con­
stant search for a new, more shocking
image to keep herself ever new, end­
lessly consumable. This meaning as­
sumes that previous images have been
erased from an accommodating pub­
lic memory and she has significance
only in terms of her current image.
What and what other interpretation could
there be? Minogue's music is, after all,
pure pop, uncluttered by any sort of
political or artistic project (at least
not so not you'd notice).

This position is defined by Stuart
Maconie, in the British magazine New
Musical Express when he summarises
Minogue as "the pop plaything turned
scantily clad nymphet". Maconie's
article is typical of this genre. Unde­
niably supportive, with a hefty and
gleeful tilt at the elitism of what he
calls "the gerontocracy of the music
establishment", it yet fails to con­
vince us that Minogue should be taken
seriously except as a genuinely like­
able sexy little thing who sings good
pop songs. This is, of course, a far cry
from the sneers she faced in former
years. It could even be the height of
praise for pop fans. But it's nowhere
like a paean of praise for a significant
artist. Kylie becomes, in this analysis,
merely an object to be looked at—certainly
not one of the new pop
women in control of her own stardom.

Is it possible for a star with no political
significance to also be able to stand as
representative of the 'woman in con­
trol'? Critics such as former Rolling
Stone editor Toby Creswell have, how­
ever, had no trouble locating her in
this admired group—although the
exact terms on which they justify her
membership can remain unclear.

The argument becomes clear if we
acknowledge that Minogue's changes
in image are, despite the seeming
weightlessness of her music, inheren­
tly political. In a recent book From
Pop to Punk to Postmodernism, edited
by Phillip Hayward (Allen and Unwin), I
proposed that Kylie's stardom rests firmly on the manner in which her changes of image mimic her growth from "the girl next door"
to the woman in charge of the seem­
ingly private but most public of
spaces—that in front of the camera.

In effect, she demonstrates the transi­
tion which we all must make from the
safety of the home to the gazing of the
public eye and does so with convic­
tion and authority. In doing so she
demonstrates for countless young
women (and others who find them­selves pushed into society's margins),
possibilities for being in control in a
society which frequently denies their
right to be so. Being little, young and
blonde, Minogue's lack of physical
status enhances the potency of this
representation.

The early videoclip 'I've Got to Be
Certain' (1988) is an excellent exam­
ple of this theme. In this song the
lyrics are one side of a dialogue in
which the person/singer is asking an­
other to wait until she's sure she wants
them to be together. If the lyrics ex­
press uncertainty, the visuals and
music don't. Here, Kylie refuses to be
placed by the words in the position of
subordination that heterosexual ro­
mance can entail for women. She
appears in an upmarket restaurant,
walking beside a harbour, a river, and
on a high-rise rooftop at night time, in
daylight and usually alone. She asserts
her right to be so. Being little, young and
blonde, Minogue's lack of physical
status enhances the potency of this
representation.

But while we can redeem, to a

large extent, the content of Minogue's work, there are those who would question her credentials to be engaged in the work of music making at all. Because Kylie's music (disco) is perceived as lightweight and worst, unpopular, her background was in females' television (soap opera) and her audience is widely assumed to be very young and female, she is considered by many to be scarcely credible. As well, her apprenticeship in the already-judged-worthless soap opera context doesn't fit with accepted notions of musical pedigree in Australia—nations which revolve around the pub as the legitimate performance context; the live audience as the legitimate audience; and guitar-based pub music as the legitimate sound. Dues paying or work within these parameters has been seen as the true breeding ground of rock musicians.

But when she released Locomotion Minogue had been acting on the public stage for seven years. In anyone's terms that's a decent sort of apprenticeship. Given that the production of a television series is normally a high-pressure, work-intensive experience, she also came from a tradition of hard work. What we have, therefore, is a distinction based, not on the amount of work but on the content of that work—music against acting—and the context of that work—pubs and live gigs rather than television, and, more specifically, soap opera. We are by now reconciled to the idea of soap stars turning into recording stars. I'd argue that this reconciliation has come about as much through a re-conceptualisation of soap opera as an acceptable incubating context as it has through the frequency with which it occurs.

On these terms, Kylie's career can be depicted as the development of a successful worker. To be considered as a successful worker on today's terms, there must be an acknowledgment that one's work is defined, in some sense, "on one's own terms". Extended to Kylie's stardom, it confers on her the right to be seen as a woman who "articulates stardom on her own terms".

Such interpretations of Kylie—as worker/star, as a "woman in control of her own stardom" and as an artist with a positive cultural/political significance—jeopardise the ideological bent of the "star as commodity" argument. For commodities are things we buy and sell and which have merely an exchange, not a use value. Unlike our pop stars, they can't give positive expression to our experiences and articulate positive ways of being in society, or impart strategies of resistance to social inscriptions.

One wonders how many other "ideologically unsound" facets of our multi-faceted society have been unjustly discarded and denigrated as a result of our own blindness. How many other realities are there behind the appearances our analyses have constructed?

"Yay Kylie." "Fuck the lotta ya!"

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**THE COMFORT OF ALEX**

There must be very few adults these days who, upon buying the daily paper, immediately turn to the comic section: those that do are probably self-consciously trying to rekindle some childhood pleasure. Most people probably don't even read the comics anymore, and certainly the days are long-gone when a paper's popularity stood or fell on its comic section.

More fool them. Even when the mainstream comic sections aren't funny (that is, most of the strips most of the time) they're an essential "take" on the western world—even dross like Archie. In fact especially dross like Archie.

But there are at least three strips appearing in Australian newspapers which are extremely entertaining in themselves. Two of these—Calvin and Hobbes and Alex—deal with self-centred males struggling to keep their own comfortable corner of an uncar-
it was set up purely for the enjoyment of its structure. Many of Alex's fans, one assumes, would find this more satisfying than actually laughing.

Alex's world is one of prestige and priority: being seen to be busy and always being in meetings (or "meetings"). Because there are no genuinely sympathetic characters (in Alex IV he has an affair with his secretary Wendy, who perhaps lacks the evil intent of the rest of his associates, but who nevertheless would need more verve to present a lighter side to Alex) it takes a persistent reader to see beyond the grim satirical punning of the strip. Luckily, most Financial Review readers got where they are today by being persistent.

The back cover of Alex IV sees our hero, having driven to a secluded spot with the luckless Wendy under the cover of night, turning instead to the Financial Review itself. How many executives would adore the idea of their colleagues pointing to that picture and cackling, "That's just what ______ would do!"

Bill Watterson's Calvin and Hobbes has all the complexities of Alex - but with an unfortunate syrupy tinge of boy-and-his-tiger sentimentality which probably explains its popularity in paperback reprints (of which The Indispensable Calvin and Hobbes, Warner Books, $17.95 is the most recent). Where Alex's drawings are ordered and neatly rendered, Watterson seems happiest depicting Calvin and his toy tiger Hobbes falling through the air. Hobbes takes on a distinct personality alone with six-year-old Calvin; whenever another human being intrudes, he instantly turns into an ersatz Tigger doll. Thus, Hobbes' personality is entirely Calvin's alter-ego; where Calvin expresses disgust for schoolfriend Susie Derkins, Hobbes' eyes fill with lust.

It's easy to imagine a senior citizen - or a five-year-old - in Duluth, or Dumphries, or Dubbo, cackling away at Calvin and Hobbes yet giving up in disgust or confusion at the cynical nature of Alex's world. Yet there is a very un-Middle American strain to Calvin which contrasts well with Alex's abject terror at being socially or financially disgraced. "I don't want to learn teamwork!" Calvin screams to his father, having been coerced to join the baseball team. "I don't want to learn about winning and losing! Heck, I don't even want to compete! What's wrong with just having fun by yourself, huh?" Encouragingly non-conformist sentiments from an artist who, apparently, was producing pro-Republican editorial cartoons before getting his "big break" in newspaper comics.

As in Peattie and Taylor's punning denouements, Watterson tends to show Calvin's adventures through a Calvin-eye view until reality creeps in for the final frame: alternatively, we might see the real world up until the punchline, where Calvin has set up a fantastic situation for his own devilry (such as carefully building a city of snowmen so he, as tyrannosaurus rex, can pillage and destroy it!)

Where this imaginative play in place of the three Rs will get Calvin is probably an irrelevant question - because he is unlikely to ever get older than six, and he and his parents are trapped forever in their respective roles and at their respective ages. But anyone who saw the Simpsons episode in which Bart - for whom Calvin was undoubtedly a forerunner - becomes a Supreme Court judge must surely have cause to wonder.

All in all, things are looking good for the newspaper cartoon in the 90s - especially when you add a third work of genius to the list of those currently running in Australian newspapers. Brian Kogler's Thin Ice, which can be found in the Sydney Sunday Telegraph, has only been running a short while, but it's a classic. Who can resist a single parent polar bear who makes her living writing romance novels and a cast of snowmen? How you respond to that glittering invitation surely says a lot about you.

DAVID NICHOLS has edited teen magazines. He only likes reading comics and is so starved for them he sometimes even resorts to drawing his own.

Economists are not exactly the flavour of the month. It might therefore seem strange to review a life of this dreaded species, particularly since a biography of the Australian economist who wants to be prime minister has gained such notoriety in recent weeks. And when the biography under review is subtitled The Economist as Saviour it can be assumed that even more eyebrows will be raised. The shock starts to fade when it is realised that this is the second instalment of Robert Skidelsky’s biography of John Maynard Keynes, the first volume of which appeared nearly 10 years ago to catch the centenary of Keynes’ birth in 1883. Perhaps there may even be a sigh of relief because everyone who has heard about economics will have heard of Keynes, although few would be able to tell much of the life and thought of this most influential economist of the 20th century.

The Economist as Saviour covers the heyday of Keynes the writer on economics, from 1920 to 1937. It culminates in his General Theory of Employment, Interest and Money which appeared in 1936, and also covers his immediate defence of the radical departure in economic theory he presented in that great book. This gives Skidelsky’s second volume an immediate appeal to economists, who can compare its account with the stories recently told by Donald Moggridge in his Keynes biography ‘for economists’ and by Peter Clarke in his 1988 book on The Keynesian Revolution in the Making, directed at historians. However, the book will have much wider appeal. The blurb on the dust-jacket notes that the first volume has become a bestseller. This highlights more than its superb timing. It emphasises the quality of Skidelsky’s writing and the importance of his subject. The life of Keynes is that of thinker and doer who influenced the shape of much of the western world for decades after his death and whose influences on both economic theory and policy continues to this day. As evidence one could cite the shape which he gave to some of the world’s international institutions as part of postwar reconstruction—institutions which, like the International Monetary Fund, are still actively reconstructing various parts of the world. The impetus he gave to the adoption of national accounting as an official tool in economic policy formation is another continuing contribution. Both these major reforms, for which the world was his stage, fall, however, more within the ambit of the third and final volume of this trilogy. The first volume recounted how the economist was made by Cambridge, Eton, the civil service and Bloomsbury, ‘coming out’ posthumously in that volume as the protagonist of a gay science and ethics to bring joy to the lives of middle and working class alike. It is still worth savouring and enjoying for the insights it gives to the making of the young economist who, by its end, had himself become a bestseller through his Cassandra-like warnings about Versailles in his Economic Consequences of the Peace.

For the second volume, the Economist as Saviour is the economist tackling the problem of unemployment.
In Great Britain between the two world wars this was a problem of immense proportions, one which it subsequently shared with most of the developed world during the greater part of the 1930s. Unlike many contemporary economists who want to reshape the world in the image of their textbooks, Keynes tackled unemployment as a problem which showed up the inadequacy of economic theory. This shows that, also unlike most modern economists, Keynes had a respect for facts and realised the difficulty of interpreting them. He was also fully aware of how easy it was to manipulate facts for the sake of defending the sacred texts of established theory. The Bloomsbury imp in Keynes, with its cynical disregard for authority, plus the healthily critical attitudes he had imbibed at Cambridge, meant that for him there could be nothing sacrosanct about received doctrines from the 'masters', no matter how wise and well-established. If the theory did not fit the facts, the theory had to be abandoned.

Much of this book tells the story of how Keynes achieved this in snake-like fashion by shedding the redundant and dying skin of defunct theory. A large part of this process comprised Keynes' growing disbelief in the efficacy of the market in various circumstances. He rejected free trade as the panacea for job creation in all circumstances, embracing protective policy when this could be defended as a short-run expedient in a situation of sharp unemployment and structural change. He rejected the dominant view of interest rates as the price which clears capital markets and, more specifically, the widely-held view that savings adjusted to changes in such rates rather than to changes in income. This difference in emphasis on causality in Keynes' explanation of saving remains crucial to contemporary policy discussion. The pre-Keynesian orthodoxy still haunts some ill-fated predictions in the Campbell Report on saving and rates of return.

Last but not least, for his general theory, Keynes rejected wage cuts as an efficient and effective mechanism to restore full employment, because much of the unemployment he analysed was largely explicable by deficient demand. The theoretical issues raised in these few sentences are very complex, and are perhaps better handled in more technical accounts of Keynes' economics than in the biography by Skidelsky, particularly since Skidelsky candidly admits that some of the subtleties of those economic debates are beyond him. Some of these subtleties are likewise redundant for the 1990s, since at least some of the facts have changed since Keynes produced his general theory. In short, there are better sources to learn about Keynes' economic revolution than reading this biography.

What does make this book particularly important is the detail it gives about the making of a good economist. Keynes himself had very decided views on this, which he learned from studying the lives and deeds of famous economists of whom he left biographical portraits. On the basis of these and Keynes' own fascinating life, Skidelsky constructs the portrait of an unusual economist with qualities which would satisfy even Donald Home. In a classic passage drawn from his biography of his 'master', the eccentric and authoritative Alfred Marshall, Keynes indicated that the economist "must possess a rare combination of gifts...he must be mathematician, historian, statesman, philosopher...in some degree...he must observe business life with the eyes of a highly intelligent angel". All these skills become dangerous if unusually applied. Hence intuition, imagination, and creativity as well as perception are an essential part of the economist's armour. This makes good economists rare and savoury in economics rarer still. This in itself is a valuable lesson about economists since it highlights what Joan Robinson once described as one of the more important objectives in studying economics as it is generally practised. Such learning is indispensable "if you do not want to be fooled by economists".

By emphasising Keynes' understanding of what was required in order to make reasonable choices on the requisite models and appropriate levels of abstraction, and above all about the application of these theoretical models as firmly as possible within actuality, the book tells much about the making of the economist. But it also does more. Keynes' unusual courtship and marriage; his speculation and business activity as investment adviser to insurance companies and college; his lives as entrepreneur and patron of the arts; his life of reclus as a scholar and teacher at King's College hurrying to committee meetings combined with the journalist, the man of the City and the adviser to governments; his pursuits as art-collector and seeker after the rural peace of his secluded farm house; Keynes as breeder of pigs and producer of ballets; as critic of Stalin and Hitler; of Tories and Labour; his occasional flirtations with British fascism and skirmishes with Fabianism; his linking of economic cranks to economic wisdom and to the ravings of frenzied dictators: all make for great reading.

Much of this story is superbly told. It is also very instructive. If Australia's current severe unemployment is to be tackled with imagination and flair, we need economists with the requisite qualities. We do not need dreamers hankering after the world of some outdated textbook, ready to sacrifice the national and social interest to appease far-flung and powerful financial markets who are largely engaged in that unproductive speculation which Keynes so deplored in his General Theory. Whether the economists needed will rise to meet the occasion is another question. After all, one aspect of the law of scarcity of which so many economists are so fond is that good economists themselves are rather scarce. If this book gives an insight into what to look for, and more importantly how to reproduce these requisite qualities, it will have made a more lasting contribution than simply telling a good yarn about the key episode in the life of a fascinating economist.

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John Hewson, by Christine Wallace (Sun Books, 1993). Reviewed by Alex Millmow.

I wonder how many academic economists are to be seen furtively reading Christine Wallace's revealing biography of John Hewson. To whom and to what does he owe his outrageous success they must ask. Envy and jealousy form the bedrock in many academics' personalities, still more those of academic economists.

As one of that fraternity I have long been intrigued by the rise and rise of Hewson. I took to the Wallace book with relish. Like many students, Hewson was an unhappy misfit at his first university and sought refuge in the library. After four years of hard study he emerged, disappointingly, with a mediocre honours degree; a qualification that would prove near useless in attracting a postgraduate scholarship. Like many young economists he made his way to Canberra where he eked out a dreary, desultory spell at the Bureau of Statistics. The tedium was leavened only by his after-work attendance at parliamentary debates. While he sat in the visitors' gallery nursing his wild ambition to make an impression upon the world, the other young men of Canberra played. What social life and fellowship was for Hewson revolved around the Baptist church. Secular friends and secular influences were kept at bay.

Hewson escaped Canberra and oblivion by winning a postgraduate scholarship to an undistinguished provincial Canadian university. He would return to Canberra, in triumph, eight years later, a post in the Treasurer's office awaiting him. Few economics graduates can attest to similar tales of success—but then few could match Hewson's drive and determination to succeed. Most reviewers of Hewson's life suggest he underwent some metamorphosis while in North America.

How else can one explain how this academic plodder could, in the space of ten years, notch up two masters degrees, a doctorate, high-ranking posts in the IMF, the Reserve Bank, Treasurer's office and, to cap it off, a professorship in economics? This stupendous success is set to raise any academic's bile levels, as it does mine. Sure, by most accounts, Hewson is bright but not, by any stretch of the imagination, in the top drawer of economic intellect. On the credit side, he has a tremendous capacity for work and a flair for networking—and he had usefully acquired a doting wife to attend to all his domestic concerns.

Fortune, too, played a key part in Hewson's rise. His doctorate from Johns Hopkins University, for instance, inquired into the liquidity effect of Eurocurrency markets and western governments' palpable inability to control them. He submitted his thesis at a time when the OPEC nations were busily recycling petrodollars back through the West's banking system. Hewson was quickly snapped up by the IMF in nearby Washington. His doctorate, which was later published, predictably shaped his Weltanschauung of economics. In a nutshell, Hewson's magnum opus found that with regard to Eurocurrency markets "government restriction fouls it up, distorts the pattern of resource allocation, reduces welfare, and increases costs". In Hewson's world the same goes for all other forms of government intervention in the economy. For all his time spent poring over texts the man apparently has a remarkably narrow exposure to the plurality within the church of economics. Nor does Hewson perceive economics as a moral discipline but, instead, one marked by rigour, positivism and figurework. Wallace suggests that as Hewson began to achieve secular success his erstwhile religious connections began to wane. The study of neoclassical economics seemed to consume him, the market system becoming his new temple of worship.

Ensnconced in the Treasurer's office, the good doctor's "ferocious ambition" was still not quelled. Other prizes were there to be won. At the ripe old age of 31 Hewson won the chair of economics at the University of NSW. This appointment raised many eyebrows. After the size of their penis the only measurable thing that matters to the economic priesthood is the size of their CV's. Despite a rather flimsy CV in terms of refereed articles, Hewson won through on his whiz-kid reputation and support network. He was elected to the economic high priesthood a mere 11 years after commencing his studies. He was given the nod too on the basis that he would, on behalf of the university, forge links with the banking community.

This, as we all now know, he was to do with moneyed success—at least for himself. From 1978 Hewson, as only he could, held down two jobs as a full professor and Treasurer's adviser. He may well have fancied himself like Keynes scurrying between academia and high government. Keynes used to commute between London and Cambridge; Hewson commuted between Sydney and Canberra. There were echoes of Keynes in Hewson's sensitivity to criticism; he blamed the poor mark in his first degree on deficiencies in his examiners, for instance.

Free of the entanglements of the Treasurer's office, Hewson began to amass a fortune from his extramural activities. In a few short years Hewson Inc generated $600,000 in consultancy fees—a figure to make academic mouths water. While Keating was being acclaimed as the World's Greatest Treasurer, John Hewson was a quiet contender for 'Mr Negative Gearing 1984'. How did he manage it? A former student I met at Treasury told me how ever-busy Hewson would sometimes compress a month's worth of lectures into a single day. Quality teaching indeed! Before entering parliament Hewson was so preoccupied with extramural affairs that he could afford only 20 hours at the university.
Hewson’s accession to a blue ribbon Liberal seat was purely axiomatic once his network of luminaries was activated. Now Hewson is weeks away from the most glittering prize of all—the keys to the Lodge. And yet, while Hewson so often prefaches remarks “to be frank”, “to be perfectly honest” and (most popular of all) “quite frankly”, we remain unsure of the shy, self-effacing man with the toothy grin. He still comes over our airwaves not as a straw man but a papier-mache man made from old neoclassical economic textbooks. All my beliefs, he mouths, come from economics. This is all we know of the man; we are left to our imagination to fill him out.

My imagination sees Hewson and his meteoric rise as bearing an uncanny resemblance to Dr Faustus, Christopher Marlowe’s play about a man who sold his soul to the devil. Faustus, a frustrated scholar, turns to magic and calls up Mephistopheles, with whom he makes a compact. Faustus agrees to sell his soul to Lucifer in return for 24 years of life in which he inveigles Mephistopheles into:

- Letting him live in all voluptuousness,
- Having thee ever to attend on me,
- To give me whatsoever I shall ask,
- To slay mine enemies and aid my friends
- And always be obedient to my will.

Did the young earnest John Hewson of mediocre mind but ferocious ambition succumb to a heinous temptation one night? On the cold Canadian plain, our plodding but eager postgraduate student perhaps has a nocturnal visitor who offers him all manner of worldly "voluptuousness" (Ferraris, etc.). All Hewson has to do in the covenant is sell his soul to economics—the Devil’s alchemy to some—and leave his religious beliefs behind. Accuse me of fanciful imagery, of overplaying an allegory if you like, but I am bound to be proved right. Once John Hewson applies his austere brand of economic rationalism, root and branch, to the Australian economy, all economic hell will break loose. And Hewson will be quickly dragged down to temporal damnation. Perhaps eternally.

That time might cease, and midnight never come...

The stars more still, time runs, the clock will strike,

The devil will come, and Faustus must be damned.

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THE LURE OF MELODRAMA


Recent Hollywood films have begun to show their component parts and workings in plainer view as budgets and blockbusting ambitions escalate. Think of Coppolla’s Dracula, and Scorsese’s Cape Fear, for instance. The full melodramatic register of everything permissible to nightmare is there: the relentless bigness of the effects and the affects, the self-conscious play with the audience’s visual memory of hundreds of earlier films in the tradition and, in one case at least, the narrative charge that, once lit, sizzles and snakes through every scene, irresistibly powering the experience.

In their study of the now decades-old ‘new’ Australian cinema, Brian McFarlane and Geoff Mayer nibble away at the enigma of why Australian films are the way they are, what the differences are between how they address and are received by an Australian audience. The interesting new move made by this study, among the growing pool of such books, is to bring British films of the 40s and 50s into the same arena as Hollywood films from the 40s onwards—and of course Australian films since the 70s revival of the industry here.

The Canadian and New Zealand film industries also offer instructive comparisons with the Australian experience both on the grounds of common (wealth) histories and as English-speaking cinemas in competition with that biggest one of them all, Hollywood. The old problem of finding sufficient, marketable difference within a field of possibilities strongly conditioned by the power of the Hollywood paradigm is encountered by all ‘new’ or newly resurgent cinemas, and English-speaking cinemas have it both harder and easier than most.

But Britain is a more profound comparison in any study of origins, conscious and unconscious, than any other dominion of Hollywood. It seemed to Elizabeth Jacka and me in our 1986 and 1988 studies of this film industry that British notions of quality—of an art television kind—pulled just as hard at filmmakers as did Hollywood notions of wide and psychologically deep popular appeal—of a mainstream film kind. (In fact, Hollywood was more consciously felt at first to be the devil to be resisted, letting ‘Creeching Beauty’ in the back door, to stay.) And then, of course, the complexity of the ties to Britain, and of the process of breaking free from them, is as much a part of the story of an emergent and marketable Australian-ness in film as the shadow of Hollywood.

It is interesting that McFarlane and Mayer chose for their comparison the heyday of confident British filmmaking, rather than the shaky parallel British attempts at resuscitating an industry in the last two decades. There are many similarities in the kinds of governmental intervention in active support of a national film industry; there is also the marked significance of a strong, partly government-financed, national documentary-making tradition preceding the resurgence of the industry in both cases—although the authors note this...
without according it very much significance. However, I enjoyed seeing how much of this aesthetic lies also in the British kitchen-sink realist dramas of the late 50s, when films like Room at the Top, and Saturday Night and Sunday Morning are explored again in a little detail.

But perhaps the real strength of this book is its grasp of the way melodrama works, really works, on an audience, and the strangeness of the persistent refusal of this power in much British and most Australian film. The bold exceptions tend to be the big successes—I hardly need to name them—but this fact has not broken the industry's resolve to stand clear of all the guilty pleasures and powers of melodrama. You hardly need to tour through the British industry of the 40s and 50s to find this out, but some of the lineaments of similarity in the avoidance begin to be instructive.

This question touches on some of the really deep issues in the psyche of the industry and its cultural output, and some deep questions also about the way melodrama pulls us, the moral ambivalence at the heart of this most moral of forms, the datedness of its sensibility (despite the galvanising energy that it lends to film storytelling). To my regret, such questions are not accepted as the province of this study, which chooses a kind of non-committed observer status, not venturing far beyond the now well-established ways of understanding and explaining how narrative paradigms work in films, and a keen-eyed descriptive view of a wide body of films from two film cultures, with reference also, of course, to Hollywood.

There are interesting moments when the analysis looks like deepening. For example, following Christine Gledhill's suggestions that the 'American adaptation of melodrama began to dismantle the class opposition of European melodrama', the authors glance at the class similarities and dissimilarities between the three cultures, and wonder: "Perhaps where such obvious discrepancies exist, based in class rather than the up-from-the-bottom exercise of enterprise, the issues demand, in their representation, not melodramatic resolution but corrective verisimilitude, at least among more 'serious' filmmakers." But then, just when things are getting interesting, they add: "For whatever reason, a naturalistic ethic has been at work in British and American cinemas in a way that has not been the case in mainstream United States cinema." I felt a certain disappointment whenever these "for whatever reasons" came down, marking the curtailment of speculation.

If you were to wade into the question of why the mute eloquence of melodrama is almost fastidiously left to Hollywood by these two, intimately related Anglophone film cultures, you'd fall into the middle of another profoundly interesting question that is also strangely left on the table by this book. I'm talking about cultural identity at the level of a social imagination—a level sometimes uncovered by the best national cinema studies. Where and how is the ethos created that informs an industrial-cultural milieu like a national film industry and its audience—and does this become incarnated in films? How interesting that would be, worked out across the comparison canvassed by this book!

But to close with remarks about the book we have rather than the one I think I want, this is a valuable and instructive book, very alert within its chosen limits. If the tone sometimes errs on the side of a kind of teacherly instructiveness, this is often in the midst of some of its most valuable and clarifying chapters.

**SUSAN DERMODY** is a filmmaker and co-author with Elizabeth Jacka of the two-volume The Screening of Australia (Currency Press).
THE GOOD LIFE

I've been asked to write this column for ALR many times in the past, but until now I've always been too preoccupied with various other pressing matters. But it's not difficult to see why my name was so often mentioned as a possible contributor to the part of the magazine devoted to inconsequential but witty diatribes.

Anyone who has read any volume of my Collected Speeches to the Ninth Presidium of the 14th Congress of the Socialist Unity Party will know that there's nothing I like better than to poke a bit of idle fun at an easy target. In fact, I had something of a reputation among other working class leaders for my cheeky sense of humour. How well I remember whiling away the evenings after Comecon meetings in front of a roaring fire in some hunting lodge or other. After a few too many brandies, Leonid would always say, "Hey Erich, let's hear the one about the government electing a new people again". How we laughed.

So I wasn't altogether surprised to get the long-distance call from the ALR office the day after I received the good news from the doctor. Believe me, there's nothing like finding out that you're not going to die within six months to put you in the right frame of mind for writing 800 words for a publication that is. Picking the right topic was a little trickier, though I thumbed through some back issues to remind myself of what previous China Shop authors had railed against. It seemed, sadly, to be mostly TV-generated. Now, don't get me wrong, I've got nothing against television, as long as it's kept in the right hands. But personally I don't watch much of it these days.

They used to have a few good documentaries in the old days. Who could forget And The Children Are Smiling! — The German Democratic Republic 1958-59. But you know what they say, no one ever really enjoys their own party. I do wish they'd put all those great old Bulgarian sitcoms on again, though. I was always a big fan of Ceausescu and Son, Man Outside The House, Keep an Eye on Thy Neighbour, Are You Being Watched?, and Yes, Interior Minister. Not forgetting The Good Life, of course. They don't make them like that any more.

So TV was a bit of a non-starter. "Come on, Erich", said the ALR minion, "there must be something that really gets your goat." "Well," I said hesitantly, "what about disloyalty to the anti-fascist state?" That went down like the arrival of the Stasi at a writers' workshop, I can tell you. It's meant to be a humorous column, they explained, not a little testily. "People have enough trouble getting through all that stuff about Foucault in the rest of the magazine, without you rabbiting on about the anti-fascist state in the light relief section."

"Look," I said, "I don't have to do this, you know." After all, it's not as though I can't get published elsewhere. Just the other day I got a call from my agent in North Korea. Sales of my latest book, Memoirs of a Bear-Shooting Man have apparently been very encouraging. "Of course, they're not actually reading it," he said. "They're eating it." Still, business is business, as I believe the saying goes.

All of which didn't get us much further towards deciding on a topic suitable for ALR's last issue. "What about foreign travel?" they suggested. "Well, I'm against it," I said. "But I can't see what's so funny about that." "No," they said, "your own. Surely you've got some amusing anecdotes about living in Chile. You know, cultural differences, that kind of thing."

Well, I must admit, they do have some pretty strange customs here. The ruling party doesn't even get close to 98% of the vote, for instance. No but seriously, the ordinary Chilean workers seem to be a pretty dour lot. On the whole they prefer drinking and dancing at their rather tedious all-night fiestas, rather than the flamboyant parades Margot and I used to enjoy so much back home. We still reminisce about May Day 1983, when she and Mrs Krenz got the giggles after the truck carrying the 'Let Us Strive for Efficiency in Socialist Production!' float broke down, and they both had to be escorted from the podium.

The only time the Chilenians seemed remotely willing to share a joke with me was during the speech at my welcoming banquet by the Minister for Tierra del Fuego Affairs. (The rest of the cabinet had been unavoidably called away at short notice — something to do with the start of the annual Alpaca Festival.) I must admit I didn't quite catch the nuances of his reference to "a long and honourable tradition of former German leaders settling in South America", but the rest of the audience broke into gales of laughter, much as the Supreme Soviet used to do whenever Khrushchev took off his trousers and did his conjuring tricks.

"All right," I said exasperatedly. "I'll do you a nice little travelogue of Soviet dachas in the old days. A sort of nostalgia-piece, right down to the ..."

But somehow, unaccountably, the line had gone dead.

ERICH HONECKER was the leader of the Socialist Unity Party (SED) of the German Democratic Republic from 1971-89, and is now appearing in panto at the Alhambra Theatre, Santiago. He travelled to Chile as a guest of the German government.
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