FREEDOM
WHO NEEDS IT?
"I was reminded that there is more to the Left by a perusal of a recent issue of Australian Left Review. This is not the organ of any party or sect but of representatives of a tendency which may be described as pluralist, leftish and non-conformist. This journal is refreshingly free of the dogma, choleric certainties and patronising abuse of the average down-with-capitalism journal. It even contains that rarest of ingredients of the leftist press—humour."

Jim McClelland, Sydney Morning Herald

Take Jim McClelland's advice: a subscription to ALR is an essential part of your monthly brain food.
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Correspondence: ALR, PO Box A247, Sydney South 2000. Phone: (02) 565 1855; (02) 550 3831. Fax: (02) 550 4460.

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Politics Fights Back

Just when you thought it was safe to go back in the water, the monster of party politics has been sighted again. First, the Liberals successfully claimed back the political high ground with Fightback! Before you knew it Hewson was kissing babies and appearing suave on telly, the Labor Party looking utterly exhausted and embarrassed. Fightback! and the Goods and Services Tax looked like the new Accord: a gleaming policy machine without parallel from what used to be called the Left of politics. But then there arrived the new tablet: this one called One Nation.

Keating’s Economic Statement is only part of this story of Labor revival. In itself The Statement doesn’t contain much that is surprising, but, then, neither did the Accord. Policy auras somehow have an effect beyond what’s on paper, to the extent that a Labor government which months ago looked to be floundering, today again seems to have some electoral chance. The Labor Party obviously had great difficulty accepting the idea that Hewson had taken the initiative; One Nation endeavours to grab it back. But more than that, there’s the war footing taken up more generally by Keating, whose period of unbearably goodboy behaviour now seems (thankfully) to be over. For a while there it looked as though Keating was a shag on the prime ministerial rock, unable to engage in the piercing bullyboy rhetoric which has been so much his hallmark. Now he’s back fleecing the opposition.

Now we have One Nation, aggressively Australian, oriented to Asia rather than Britain, kicking the corgi. The funny thing about this is how contrived it looks—Keating and his mates seeking to dress Hewson up as Stanley Melbourne Bruce, arch-tory, tophatted and British to the bootstraps, with them in stubbies and thongs. No longer holding his tongue, Keating bites back. Some parts of the campaign are smarter: calling the GST the food and clothing tax, for example. Certainly, it’s hard to resist the sense that Keating is back in his element, rubbing Hewson’s nose in it. So why the populist inflexion? It works, and it places Keating back in labor hisory, taking advice in his weekly yarn with Jack Lang (who also had a plan against the contemptible Britishers and their local lapdogs).

The story thus sounds a bit like Hawke’s fantasy about reliving Curtin, Australia’s saviour against the hun internal or external, real or imagined. In academic circles this is called the invention of tradition—though another part of it is called porkbarrelling: promise not to spend your family’s $125 on imported lol-lies. Born-again Keynesianism it isn’t; the message is closer to Prince’s creamy crooning, exhorting us to get on top.

Does all this colour and movement suggest then that there is an outbreak of politics? Certainly there is, albeit within the parameters of this rhetoric and stage management. Plainly both major parties have put more energy recently into policy than they have for a long time, though one is also given the sense that they’ve put as much time or more into cooking up snazzy titles which are not exactly recipes for the cookshops of the future. If we leave the issue of Union Jack Hewson out of it, there has been some useful attempt to clarify some of the differences which might provide the basis for a revival of Australian politics.

One Nation is certainly a paler labour utopia than that which was presented, however vaguely, in the original ALP- ACTU Accord. The now obligatory noises about social justice establish exactly what the document sets out to deny, that social policy remains a pathetic appendix to the real game in economic policy itself. For all that, there is still some sense conveyed in these packages of what we see and what we might stand to get.

These are images, in a nutshell, of society which is more or less deregulated: only the more or less real-ly matters. When politics comes back into the shallows and thunders the words “I’m back!” we can begin to sense something of the difference between the bites: on the Right it’s Freddy Krueger; on what used to be called the Left, it looks uncannily like Aunty Jack.

PETER BEILHARZ had an easy time writing books on Labour’s Utopias and Arguing About the Australian Welfare State. He’s now in a sweat over a book called The Labor Decade.
rawi has always believed that Palestinian writers and intellectuals have a special responsibility.

Ashrawi's sophisticated use of the English language, the sharpness of her intellect and her skill at handling the media are clearly assets for the Palestinian movement. It was she, for example, who wrote the well-received speech given—in English—by the leader of the Palestinian delegation at Madrid.

It was her achievements as writer, critic and teacher on her own home ground, however, which made her reputation throughout Palestine. This is not to say that she has a history of high profile activism. On the campus of the American University of Beirut—a hotbed of revolutionary politics in the 1970s—she was not particularly well known. Nor can it be said that she has suffered a great deal in personal terms during the Intifada. In the increasingly repressed Occupied Territories a spell in an Israeli prison is fast becoming almost a prerequisite among those (especially the youths) seeking to be taken seriously as nationalists, and Ashrawi has so far been spared this 'honour'.

One of the consequences of Israel shutting down Palestinian institutions of learning in the Occupied Territories has been that Palestinian academics such as Ashrawi, Sari Nusseibeh and others have been free (if that is the right word) to enter the political process more committedly. The leadership in the territories has thus taken on a new, more intellectual and more Westernised look.

Yet it would be a mistake to deduce from this—as the Israelis sometimes suggest—that the West Bank leadership operates somehow autonomously from the PLO. Ashrawi and the others have taken considerable personal risks in declaring their allegiance to and maintaining contact with the PLO. Before the Madrid conference, Yasser Arafat met Ashrawi and others secretly in Tunis, and even during the conference itself they flew to Morocco for further consultations. It would also be a mistake to think that the decision to choose Ashrawi as spokesperson was made anywhere but at the PLO headquarters in Tunis although, of course, she had to be acceptable to the Arab states, the USA and Israel.

Since Ashrawi happens to be a woman, the question of her stand on feminist issues is inevitably raised. In Algeria, women fought side by side with men in the struggle against the French for independence; the rise of the Islamic movement now threatens their hard-won gains. In consequence, the position of Middle Eastern women as a whole is once again under the spotlight. For Palestinian women, who have always regarded their Algerian sisters as revolutionary role models, the dilemma is even more acute.

Ashrawi notes that: "Of course there is a danger that if women's work is primarily a reaction to an immediate external challenge, and not part of a long-term social and economic infrastructure, that all the advances will recede once the threat is removed." While regarding herself first and foremost as a nationalist, she argues for a feminist agenda hand-in-hand with the Palestinian nationalist agenda.

Elements of the Islamic movement in the Occupied Territories (HAMAS) are generally opposed both to the peace process itself, and to the very idea of a woman assuming the kind of high-profile public role Ashrawi carved out for herself. The fact that she has never been personally condemned by such elements is but one more proof of the general respect and admiration she has won by her achievements both inside and outside Palestinian ranks.

CHRISTINE ASMAR is researching the history of the Palestine community in Australia.
Through the car windscreen, I could see a roadblock with a yellow sign reading ‘Douane’ and a policeman looking at someone’s passport, then waving them off. On the right side of the road there was a white metal house that looked like a train carriage—a police and customs station—and on a high mast beside it fluttered the new Slovenian flag. It looked improvised, but it was a main checkpoint between Slovenia and Croatia and I was crossing it for the first time. The border was brand new too: the Croatians hadn’t even had time to put up a barrier on their side.

I got out of the car. Standing on a piece of asphalt in Bregana, bathed in early October sun, I handed my passport to a smiling Slovenian policeman, a young guy who seemed proud of his job. I looked at my passport in his hands—the old red Yugoslav passport, of course. Suddenly I realised the absurdity of our situation; I knew that he must still have the very same kind of passport himself. There we were, citizens of one country falling apart and two countries-to-be, in front of the border that was not yet a proper border, with passports that were no longer any good.

Until then, the Slovenian state, the Croatian state, borders, division had all seemed unreal. Now, these people with guns, in Slovene police uniforms, would stand between me and Slovenia, a part of the country that used to be mine too. A few days ago, I could have gone there freely. Now I couldn’t. “What would happen if I started to run now?” I thought, suddenly remembering the Berlin wall. “Would he shoot me?” For the first time I experienced the border physically—it felt like a wall. In that moment I knew that all that is said about walls in Europe coming down is lies. Walls are going up all over Europe, new invisible walls that are much harder to demolish, and this is one of them.

The other one is war. I can still go to Slovenia—even if I do need a passport. But I can’t go to Serbia. I can’t even make a simple phone call to Belgrade. If I really want to go there, I must take a train from Zagreb to Budapest, then get the overnight train to Belgrade—24 hours travelling through Hungary instead of four hours before the war. But this is not the worst thing. In eastern Croatia, there are no more roads, railroads or a border—there are only bombed towns, burned villages and piles of corpses that no one has had time to bury. What should be the eastern border of Croatia is an open wound.

I last visited Belgrade in July after the federal army attacked Slovenia. As I listened to the news in the taxi from the airport, a speaker said something about a federal army ‘victory’ there. “See!”—a taxi driver said with a triumphant smile, as if this was his personal victory. He didn’t know where I was from. I didn’t say a thing—I didn’t dare speak. His comment might have been casual and innocent, his smile a small and unimportant gesture—but it paralysed me with fear.

The seed of war was there, growing silently among us. The mistrust was palpable in the thick dusty air of last summer’s Belgrade, when people couldn’t talk to each other, when they stopped trusting each other. I didn’t like it then, that uneasy feeling that the country was shrinking, being eaten up by hatred, disappearing under my feet. But I didn’t realise that it was going to be dismembered in such a painful way.

Not only land, but friends were cut off from each other too. Friendships could hardly survive this war. Could they survive the question: what did you do in the war? Could we address each other as individuals, or has this possibility been taken from us for the next 20 years? Because after the war, the roles will reverse and the executioners and their accomplices will become victims; I am afraid that, as we were forced to take sides in this war, we—all of us on both sides—will get caught in this game. If I ask my friends what they did in the war, I’ll become the inspector of their conscience, of their souls. If I don’t, I’ll be a hypocrite. But even if they pass this cruel test, there will be something dividing us—war itself, the experience of it, the way it changed our lives. The fact that my 23-year-old daughter has a grey hair now. The fact that for a long time I didn’t know what to do with the word ‘future’. I didn’t recognise it, it didn’t serve me at all.

In this war, people have lost words, friends, sons, sense of life. Even as I write this, I can hear machine-gun shots nearby. It is 11 pm and I hear people’s voices and cars passing by. No one stops at the sound of shooting, myself included. A chilly thought that these shots might mean someone’s death is pushed away with the common excuse that this is a war now. Can anyone ever understand how war became our everyday reality—the air-raid alarms, a nervous expectancy of news, men in uniforms, dark empty city streets, blackouts, and fear that cannot be swallowed or forgotten, that only grows with each passing day? My friend in Paris who moved there after the end of the Algerian war, when she was ten years old, told me that her teacher asked her why, even years after she had lived in Paris, she zig-zags down the street. That is how you walk to avoid a bullet, she explained. And this is what the generation of children who survived the war in Croatia will do, walk in zig-zags and...
run to hide in cellars when they hear a plane. But the worst things are images, because they don’t go away, they stay in your mind and you wake up in the middle of the night sticky with sweat, screaming. Strangely enough, watching it day after day, the war teaches you to get used to blood and you are forced to cope with it. After a certain point, you realise that people are dying in great numbers and bodies just pile up like an abstract number on the surface of your mind. In order to survive, you become cruel.

You are touched only if you knew a dead person because, in order to comprehend the reality of death you need to identify it, to get acquainted with its face, to make it personal. Death needs to have a face and a name. Otherwise you feel pain, but it is a kind of diffuse pain dispersed in your chest as if you are wearing a tight suit of armour.

What one cannot evade are images of innocence: children’s faces, a puppy wandering among empty, burned village houses, a dead new-born kitten in the muddy field with its little head strangely twisted, a lost shoe on a sidewalk. On Christmas day, TV reported a particularly fierce attack on Karlovac, 40km from Zagreb. The camera first showed a distant view of the town, with clouds of smoke, and dust rising above roofs. A close-up of a street displayed nearly destroyed houses and soldiers picking up a wounded person—so far, a regular war report not likely to change anyone’s heart rate.

Only when the camera zoomed in on a little house with two black smoky holes for windows, I felt as if something had hit me in the stomach. It was a particularly nice day and a burned house was standing alone against the deep blue winter sky. A little further in front of it there was a clothes-line with a freshly washed white shirt and women’s underwear. I could imagine a woman who, a short time ago, stood there hanging it out. Then she returned to the house, a bomb came in and all was over in an instant…The house was in ruins, people in it probably killed. Yet, the shirt and underwear were dangling in a light wind as if she might come any minute and pick it up—clean, dry cloth, smelling of the north wind and distant snowy mountains. This was a picture of death itself.

By now I know there is no way back. Both borders taught me my new reality, the fact that I am about to live in a new, different country with a different shape and a different name; it is shaped like an apple core and has a name that people associate with blood. However, at the eve of independence, I feel ambiguous. I feel robbed of my past, my childhood, my education, my memory and sentiments, as if my whole life has been wrong, one big mistake, nothing but a big lie.

The new democracy hasn’t brought us anything yet but promises. The cost is high; renunciation of the whole past and sacrifice of the present. Croatia proved two things to the world: first, that the process of self-determination of the nation couldn’t be stopped, and it should be remembered for that. But the second thing that Croatia proved is that self-determination is priceless, and if it is beyond price, this means human life has no value. People didn’t vote for the death of their sons in the cause of independence. But the independence stinks of death. A sweet, poignant smell of burned soil and rotten flesh is saturating the air. It is rising from the battlefield, from roads and hospital rooms, from half-empty cities and deserted villages, from army camps and ditches, from within people. One can sense it even in Zagreb. I feel this distinctive, known smell, as if all of us, alive and dead, are marked by it forever.

Then again, there is also a good feeling in this ambiguity because there is more hope for the end of the war. There is a new kind of pride too. Two years ago, if you mentioned that you came from Croatia to a non-Yugoslav, they would look at you in bewilderment, repeating the unknown name with a question mark, as if it were a country on another planet, and not in central Europe.

I hope I will love my new country. I know it is a strange thing to say at this very moment of celebration. After all, Croatia is independent just because millions of people loved it enough to fight for it and bleed almost to death. But this is not only a physically new country, it is a politically different state and no one knows exactly what life will look like here once the war is over. Croatia could adopt democracy or dictatorship—there are no guarantees of either. John F Kennedy once said: "Don’t ask what your country can do for you—ask what you can do for your country.” I think that citizens of Croatia have to ask themselves a very different question. Because they have already done everything possible for their country, they have a right to ask: "What will our new country do for us, its citizens? Will our sacrifices have been worthwhile?"

SLAVENKA DRAKULIC is a Croatian journalist. Her book How We Survived and Even Launched is published by Hutchinson. This piece was originally published in New Statesman and Society. It is reproduced by permission.
Max Walsh described Paul Keating’s One Nation package as “crude and dangerous pork-barreling dressed up as an economic strategy”. (Sydney Morning Herald, 27.2.92.) In fact, there are aspects of One Nation which signal an overall resurrection of interventionist thinking. Yet it is not the spending spree which some of its critics suggested. Quite the contrary: if it errs, it is on the side of miserliness.

The facts of One Nation are now well known. $2.3 billion is being outlayed in government spending, taxation incentives to business to encourage capital formation and tax cuts in the future (targeted at middle income earners). The stimulus is small and spread out over at least four years. The first impact will occur as low income earners are given direct cash payments (totaling $317 million over 1992-93). In total, the current spending increases for 1992-93 are only $500 million above the August 1991 Budget estimate.

A major problem facing Australia is the decline in public infrastructure over the last decade or more. Thus, it is good that One Nation targets spending to public infrastructure development. Yet, while essential, this spending should not be at the expense of direct job creation. The planning delays and the need for capital suggests that these projects will provide few direct jobs (only 21,100 over three years). Further private involvement in public infrastructure expansion is encouraged by the tax-free development bonds which allow the private sector to raise funds by issuing bonds whose interest payment will attract no taxation. Other incentives to private capital formation, like accelerated depreciation allowances, are given and bring Australian business taxation rules into line with international practice.

Like the November jobs statement which was, in fact, a statement about training, One Nation erroneously sees the major problem in the labour market as being structural (wrong skills and/or location of skills) requiring more training provision. This ignores the fact that demand-deficient unemployment predominates in Australia. That is, people are largely unemployed because there are not enough jobs, not because they have inadequate skills. Training is wasteful in these circumstances. Direct job creation is the answer to demand-deficient unemployment. That said, the allocation for vocational training for the long-term unemployed is a good thing.

The bulk of the remaining money allocated to labour market programs will provide wage subsidies under Jobstart to help disadvantaged workers. Advocates of small government and free markets prefer wage subsidies to direct job creation because they place the employment in the private sector. Yet there are at least four reasons why wage subsidies should not be introduced as an alternative to direct job creation. First, wage subsidies are based on the assumption that unemployment is due to excessive real wages, rather than lack of aggregate demand. Second, the response of employment to real wage changes is very low, which reduces the effectiveness of the subsidy. Third, firms have an incentive to dismiss marginal staff in order to hire staff who attract the subsidy. Fourth, they are a disguised form of industry policy providing indiscriminate assistance to the private sector. From the perspective of long-term productivity improvement such assistance should be more carefully targeted.

Unemployment is a macroeconomic inefficiency. The costs in lost GDP alone are huge and dwarf the losses from micro inefficiencies. The latter have preoccupied both the government and the federal Opposition. What has been ignored is that the path to sustained economic growth, low unemployment and high productivity growth is largely determined by macroeconomic policy (the maintenance of strong levels of aggregate consumption and investment spending); microeconomic policy is simply a bit part actor.

In a recent Evatt Foundation publication, Economic Policy in Crisis: A Proposal for Jobs and Growth (co-authored by Roy Green, Martin Watts and myself), we outlined a three-point strategy to combat high unemployment: immediate job creation, trade policies designed to ease the balance of payments constraint on growth, and longer term industry policies with investment planning designed to avoid the resource waste of the 1980s.

Careful modelling indicated that for $2 billion, 239,000 jobs could be created almost immediately. The net cost would only be $1.26 billion due to reduced outlays on unemployment benefits and increased tax revenue. The job creation would quickly increase consumer and investor confidence, while lessening the social costs associated with high unemployment and low household income. The goal of direct job creation should be to provide temporary jobs, so that as the economy expands workers can be reabsorbed into permanent jobs.

But unless export growth is stronger and/or the propensity to import is reduced, any GDP growth will quickly exacerbate our current account and external debt problems as import spending increases. The trade policies we proposed recognise the external constraints on GDP growth. Our trade fundamentals (our export performance in relation to our import propensity) are poor. Projections of export growth and the requirements of external debt stabilisation suggest there is very little scope for domestic expansion. This trade constraint must be tackled simultaneously with the expansionary job creation by exchange rate reduction, through export subsidies (and tax credits for exports), and through import controls.

In this context, One Nation is a major disappointment. It does not create
many jobs in the short run, it makes little reference to exchange rate policy, and it avoids recognition of the tight balance of payments constraint on domestic growth. The recession was engineered by restrictive policy to bring our GDP growth back in line with our trade position. Following this logic (but not accepting it), we might ask: what has changed in our trade position to justify a reversal of growth? The answer is: nothing. One Nation, for political reasons, simply ignores this critical issue.

The arithmetic underlying the statement is disturbing. From 1992 to 1996, GDP growth is expected to average 4.3% per annum. Similarly, employment growth from 1992 to 1996 is expected to average 2.9% per annum. These projections are similar to the actual growth achieved between June 1983 and June 1990 when we experienced large increases in foreign debt and persistently high inflation.

By implication, to provide the tax cuts and retain fiscal neutrality would require offsetting cuts in government spending. This is the long-term problem with politically motivated tax cuts; they reduce the flexibility of fiscal policy and force the public sector into relative contraction. Intervention requires tax and spending flexibility in both directions. So, while One Nation signifies a partial return to interventionist policy, its main problem is that too little is allocated to the wrong things. What is needed is an immediate and direct stimulus which should then be followed by medium term initiatives like training and public infrastructure development. The amount of cash which we could reasonably label as short-term stimulation is so small that it will have limited impact.

Further, to the extent that the economy will expand as a result of the statement, there is little evidence that the trade problems which brought us unstuck in our last phase of expansion have been solved. The only consistent policy mix involves stimulatory policies which are accompanied by policies which directly address the trade problems. In this way the expansionary program will have room to move. At present there is very little scope for unemployment reduction. Perhaps we should be thankful that One Nation is so miserly. Otherwise, given the current obsession with tax cuts, a renewed bout of high interest rates could be in store.

BILL MITCHELL teaches in the Employment Studies Centre at the University of Newcastle.
The recent events which saw the victory of a Muslim fundamentalist party (the Islamic Salvation Front or FIS) in Algeria's first open elections, followed closely by a military coup and martial law cannot be understood simply in the context of a world-wide Islamic revival. It is yet another example of the failure of liberal politics in the Third World—a failure whose seeds, however, were already sown at independence. Dwelling on the inherently Muslim nature of fundamentalist bogeymen and the threat to democracy they pose, obscures the more complex social processes at work in Algeria today.

Algeria gained independence from France in 1962 after a protracted and bloody Independence War. The Liberation Army split into the National Liberation Front (FLN) and the National Popular Army (ANP) which together installed an 'Islamic Socialist Republic' with a single party system (the FLN) and a president for life chosen from among the ranking military (Colonel Boumedienne, replaced upon his death in 1978 by Colonel Chadli Bendjedid). The Boumedienne government adopted the Soviet path to development: a planned economy, an emphasis on heavy industry and the collectivisation of much of agriculture. Whatever problems such an approach brought, they were masked by oil revenues which allowed the government to parcel out sufficient jobs and services to make people accept the FLN monopoly of power, and its growing corruption.

However, this state of affairs took a turn for the worse with the fall of oil revenues so that, by 1986, economic troubles were apparent—a scarcity of jobs, housing, services and even goods: the kind of troubles which also plagued the Soviet Union, amplified here by a population growth rate of 3%. In October 1988 riots in Algiers against 'corruption and misery' saw the pillaging of the most opulent commercial centres. The riots were repressed brutally by the army, but followed by an acceleration of the economic and political liberalisation of the regime. This Algerian 'perestroika' not surprisingly accentuated short-term economic hardship and was thus viewed with cynicism by a resentful population whose growing anti-FLN sentiments were captured by the emerging Islamic Front (FIS), a movement so well organised and resourceful it could offer better practical help than the government. Its predominantly urban base is especially strong among the disaffected youth in the poor quarters of Algiers.

Meanwhile, political reforms saw the advent of multiparty democracy (February 1989) followed by the legalisation of a plethora of political parties. In the first multiparty elections, the Islamic FIS gained a majority of votes (54%) and thus the control of some 800 local councils. The FLN had to submit to a humiliating defeat, and the only other political formations with a modicum of strength were the ethnically based 'Kabye' (non-Arab) parties, the Socialist Forces Front (FFS) and the Rally for Culture and Democracy (RCD).

In the wake of the FLN defeat, President Chadli Bendjedid announced legislative elections for 1991 (later rescheduled to December 1991 and January 1992). Meanwhile, in a classic example of gerrymandering, the parliament (voted in under the single-party regime) reorganised electoral law and maps thus provoking the FIS riposte of street demonstrations and the subsequent arrest of its two most charismatic leaders. The FLN had expected to be returned at the head of a coalition government. Thus, the shock was immense in December when three million of a total of 13 million voters gave the FIS 189 seats (against 16 for the FLN and 30 for the FFS). Such results practically guaranteed the Islamic party two-thirds of the seats in the second round—enough to initiate constitutional changes including the institution of an Islamic regime 'along the model of Iran, Saudi Arabia and Sudan' and the demise of the 'sinful Western democratic model'.

From then onward events followed a predictable logic. The FIS victory literally put the fear of God into the Algerian political class. The first reaction was to cry foul; some even demanded an annulment of the elections, and all expressed grave doubts for Algeria's democratic future. While the FIS, certain of coming victory, maintained a low profile and proclaimed itself quite willing to govern with President Chadli Bendjedid, a number of its opponents made more or less discreet appeals in the direction of the army as a 'guarantor of Algerian democratic institutions'. This was a reference to the 1988 October riots and the previous May street occupation, in which the army's role in re-establishing calm was now dubbed 'intervention on behalf of democracy'. Thus, the deposing of President Chadli Bendjedid and the annulment of the elections in January were no great surprise. The FLN government was replaced by a High State Committee (HCE) controlled by the ranking military, acting in concert with the ex-prime minister Sid Ahmed Ghozali. The news was generally greeted with a prudent silence masking discreet relief by other Arab countries and in the West.

The Algerian opposition voiced timid protests. Though the FIS took some care not to give the military a pretext for repression, they did not succeed; most of its remaining leadership was arrested and its headquarters raided. From then on, incidents and confrontations with armed forces multiplied, usually starting around mosques after the Friday prayers, despite or maybe because of the fact that mosques are packed at these times. This state of affairs degenerated sufficiently for martial law to be declared and the FIS

**Fundamental Problems**

The recent events which saw the victory of a Muslim fundamentalist party (the Islamic Salvation Front or FIS) in Algeria's first open elections, followed closely by a military coup and martial law cannot be understood simply in the context of a world-wide Islamic revival. It is yet another example of the failure of liberal politics in the Third World—a failure whose seeds, however, were already sown at independence. Dwelling on the inherently Muslim nature of fundamentalist bogeymen and the threat to democracy they pose, obscures the more complex social processes at work in Algeria today.
Tension mounts in front of the mosques
to be made illegal by 11 February. However, the protest from the armed fringe of the FIS remains such as to allow commentators to speak of "the beginning of an urban guerrilla movement".

What is remarkable is the similarity of this chain of events with others in non-Muslim Third World countries, especially in Africa. The sequence of events is now well known: independence, a single party system, nepotism, bureaucratisation, the corruption of Westernised elites who monopolise goods and services, the bankruptcy of the state following indiscriminate borrowing. The West and its international institutions of course share a large measure of responsibility for the predictable pattern of events.

The results of this process continue to be that long-suffering populations turn to indigenous ideologies and seek to get rid of Westernised elites and the social models they associate with them. Most attempts at liberalising such regimes come too late and are followed by explosions of popular resentment: hardly a favourable environment for democracy, as the example of the late Soviet Union shows.

The crystallisation in Algeria of popular protest around a Muslim fundamentalist movement is not a sign of a turn to mysticism, however. On the contrary, the leaders and activists of this movement are often educated, mostly in the 'hard' sciences, and advocate a return to the sacred texts to an audience literate for the first time. That a religious society in time of crisis turns to a fundamentalist reappraisal of its religious ideology, for the first time accessible to the majority, is hardly surprising. In the case of Algeria, it is all the more inevitable since Islam had been at the core of the resistance against gallicisation during 130 years of colonisation.

Certainly, the FIS leaders made no secret of their opposition to democratic ideals which they described as "foreign ideology". Their whole campaign was directed around the inherent rightness of the Muslim way, and the inadequacy and perversity of other ways—ample demonstrated, they felt, by the failures their audience knows only too well. Such seductive logic masks the absence of any concrete proposals and programs among the revivalists except in the domain of the social mores. It was sufficient to get them elected, but once in power they would have experienced profound difficulties.

Such a test of power would have either discredited them in front of an Algerian population sufficiently critical not to be hoodwinked by ideological discourses of which they have had their fill, or forced them to accommodation with practical realities. In the latter case, this would have provided the first real opportunity for an Arab-Muslim country to come to terms with modernity and democracy.

Instead, military repression provides the FIS with an escape from such a harsh confrontation with reality and reinforces its position as cultural critic by discrediting the idea of democracy. This is a political mistake which adds to the FIS's charismatic appeal by making martyrs of its militants. Meanwhile, the gap is further widening between the everyday realities of unemployment and penury and the aspirations to (democratic) peace and plenty represented on the French TV channels that millions of Algerians watch every day. The hatred and resentment which are building up do not augur well for the future.

RACHEL BLOUL teaches in sociology at the University of NSW.
The Body in Question

In June 1990 the ACT Minister for Health announced that joint Commonwealth/Territory funding had been granted to establish a community-based women's health centre in Canberra. The very next month, Dr Alex Proudfoot (an adviser in the Commonwealth Department of Health, Housing and Community Services) filed a complaint with the Human Rights Commission alleging that special women's health services are discriminatory under the Sex Discrimination Act because men cannot access them; there are no comparable services for men; men's health is worse than women's, and the services address problems that are not unique to women.

Proudfoot named the ACT government, the ACT Board of Health, and the Canberra Women's Health Centre as respondents. Subsequent to the original complaint, two other men (a software consultant, Jack Smith of the ACT, and a Victorian anaesthetist, Dr Roger Henderson) filed related complaints concerning funding under the National Women's Health Program.

The respondents have argued along three basic lines. First, they have claimed that the complainants have no standing; second, that no discrimination (as defined by the Sex Discrimination Act) has occurred; and third, that in any event, the activities are protected by the 'affirmative action' section of the Act. The underlying logic of the complaints is that women's health is advanced at the expense of men's. But it is simply fallacious to argue that devoting any expense of men's. But it is simply fallacious to argue that devoting any expense of men's health services to women's health services is discriminatory because men and women have equally serious health concerns.

However, the complainants win, men's health will have gained nothing. But even if the complainants win, men will not benefit from the decision. In the most extreme case, if all women-specific health services were found unlawful and were deprived of funding, men's health would not improve as a result. The amount of public funding presently devoted to women's health services is less than 0.5% of the health budget, so its reallocation would be unlikely to make a measurable difference. The complainants in this case say that they are not interested in seeing men's health services established because such services would be, they claim, as discriminatory as women's health services. It would seem that the only significant outcome of this inquiry would be the destruction of one of the most innovative and manifestly effective initiatives in Australian primary health care. The best possible result is simply 'no change', that Justice Wilson finds that women's health services don't discriminate against men, something the women involved—and many supportive men—already know.

Quite apart from the threat to women's health services, the legal action constitutes a potential threat to other fundamental elements of primary health care. For example, in recent decades more and more services have been developed to target the needs of specific groups. Targeted services are widely recognised as highly effective because they can be tailored to make them appropriate to people's social and health needs.

Indeed, the most effective primary health care has been demonstrated to occur where attention is paid to the whole person, not just characteristics or conditions unique to their membership in a particular group. Treatment of older people would be vastly inferior if we restricted geriatric services to disorders that occur only among people over a certain age and required them to consult separate specialists for digestive problems, urinary problems, etc. on the grounds that younger people also suffer from those complaints. Special circumstances and needs are created by the intersection of membership in a group (elderly) and health problems that are common among (but not necessarily unique to) people in that group. Geriatric service provision has a long tradition of respecting and seeking to respond to those special circumstances and needs.

A similar basis underlies the success of such initiatives as Aboriginal and migrant health units, and Family
Planning clinics for adolescents. Like these services, women's health services are effective additions to other facilities provided by government, or provided by other agencies with partial or full government funding. Depending on the logic of the judgment, a decision for the complainants could open the door to attacks on all such services, since discrimination on the basis of race is also prohibited by Commonwealth legislation, and age discrimination is now prohibited in some states.

Another worrying aspect of the case is the possibility of formulating public health policies and priorities through recourse to law rather than through more appropriate avenues such as advocacy, research, consultation and community action. Legal bodies are poorly equipped to sift through the kinds of evidence and data required to make informed decisions about the allocation of resources for health services. A career on the bench may make a distinguished jurist, but no judge would claim that it develops a public health expert. If the complainants are successful in this case, a strange new avenue for the shaping of health policy would be opened, but only to the select few with the resources and the motivation to obtain access to it.

A decision for the complainants could also do catastrophic damage to the principle of community-based needs identification and service provision in primary health care. It would be a major triumph for the opposite principles of professional dominance and top-down policy formulation and services planning. Even in present circumstances, it is difficult for consumers and community groups to participate actively in much health policy formulation at any level. The Australian women's health movement—which goes back at least 20 years—and the National Women's Health Policy are outstanding exceptions to the general pattern of decision-making monopolised by health bureaucrats and medical practitioners. If legal action can limit their effectiveness, that will be a major setback for the Australian community health movement generally, not just the women's health movement.

Perhaps the most forceful message from the case is the danger to women of relying on a generalised 'sex-neutral' notion of anti-discrimination. Feminist philosophers and feminist legal theorists such as Carole Pateman and Ngaire Naffine have shown that the law is fundamentally gendered, and that the supposedly sex-neutral citizen is actually (though implicitly) male. This is nowhere more vivid, or more dangerous to women, than in the case of applying the Sex Discrimination Act to health matters. The Act allows exemptions for pregnancy and, more generally, for conditions that occur in only one sex. But these are, one discerns, conditions that occur among women, revealing the assumption that the body of the 'person' to which the Act refers is actually sexed male, and that special exceptions are made to deal with the aberrations of the female body.

The Sex Discrimination Act is currently under review by parliamentary committees. One hopes that the relevant sections of the Act will be amended so similar actions are more difficult in future. Women have been successful in seeking redress from discrimination in the courts, and it is therefore essential that the Act is revised so that it can serve more effectively its original intention, to eliminate discrimination against women. But this exercise, however important, will have its limitations. Ultimately we must be sceptical of how far women can be protected by a bloodless, sexless fiction of 'equality'.

DOROTHY BROOM is a Senior Research Fellow at the National Centre for Epidemiology and Population Health and author of Damned If We Do: Contradictions in Women's Health Care (Allen and Unwin, 1991).

STOP PRESS: As this issue went to press the Human Rights Commission dismissed the Proudfoot complaint. This double-edged decision will be reported in next month's issue.

'Discrimination' under the Sex Discrimination Act

Two criteria must be met to sustain the definition of 'discrimination' under the Sex Discrimination Act. First, the person complaining must have suffered a detriment from the differential treatment. Second, the circumstances of the aggrieved party and the other sex must be "the same or not materially different". Witnesses for the respondents gave abundant evidence on the second point, showing that the circumstances in which women seek health care are not the same as the circumstances in which men seek care, so the charge of discrimination cannot be sustained. Advocates for the respondents also argued that men suffer no detriment from the operation of women's health services.

Even if it were established that women's health services are discriminatory, Section 33 of the Sex Discrimination Act provides a defence for discrimination. This is the 'affirmative action' section, and it allows that initiatives may be undertaken if one of their purposes is "to ensure that persons of a particular sex...have equal opportunities with other persons". If the Commission finds that women's health services are exempted under Section 33, that should be the end of the matter. In a climate where other affirmative action measures are under threat or being axed (for example, the ANU's special entry scheme for Aboriginal students), a decision of 'no discrimination' is preferable.
**FREE Thinking**

John Hewson’s neoconservative push is big on individual freedom. Labor and the Left have had little to say about freedom in response. Mitchell Dean argues freedom is too important to ignore, but that some fresh thinking on what it is is long overdue.

Freedom. There can be little doubt that this difficult term is firmly at the top of many of today’s political agendas. Most dramatically, the collapse of communism in Eastern Europe appears as a striking example of what we might call a ‘will to freedom’ — a popular desire that takes an anti-statist and anti-authoritarian form, even if it confuses political freedom with free markets, and democracy with capitalism. In our own region, the economic advance of our neighbours has not been paralleled by a political one. However, the suppression of democratic and national movements by bloody means does not conceal the reality of this will to freedom. It was no accident that the Chinese democratic movement chose as its symbol the Statue of Liberty.

In advanced liberal societies there has been a now long-term push against forms of hierarchical and bureaucratic control, most often against the state. Sometimes this has taken a Leftish form: the movement of deinstitutionalisation of the 60s and 70s, for example, or the more recent critique of bureaucracy by feminists. Most often, however, it has crystallised around the neo-liberal dismantling of the welfare state and the privatisation of publicly-owned corporations and utilities. While Australia has been so far spared some of the agony of other English-speaking democracies in this regard, it is still possible that we are on the verge of the belated appearance of a particularly nasty antipodean version of scorched earth ‘economic rationalism’, much in the manner of New Zealand.

In this international and local context it might be time to give some thought to the notion of freedom, particularly in regard to the related themes of citizenship and democracy. One of the reasons why the Left’s response to the issues raised by neo-liberalism has often been so paltry has been its rather unencouraging record with regard to the idea of freedom. From early socialist claims that the notion of the citizen as free individual merely legitimised capitalist economic exploitation to contemporary welfarist defences of the state in terms of ideals of social justice, the Left has tended to regard ‘freedom’ as highly tainted with...
bourgeois ideology or subsidiary to considerations of equality. For this reason, it has found itself without the conceptual tools to debate conceptions of freedom with neo-liberalism, or even to understand the popular appeal of a certain notion of freedom in a home-owning liberal democracy such as Australia.

Here I want to argue for two propositions, the first of which is largely consonant with the direction of much of socialist political thought, and the second contrary to it. First, the major conceptions of freedom found within the liberal tradition are fundamentally flawed and need to be shown as such. Secondly, however, it is not good enough to offer yet another 'critique' of conceptions of freedom; it is necessary to develop and offer an alternative conception. The reason for this is that the concept of freedom must be regarded as a central concept in any evaluation of the contemporary potential of forms of citizenship.

What then are the problems with liberal conceptions of freedom? The first thing to notice about them is that such notions are rooted in the notion of democratic rule as the rule of a self-governing community of citizens. One would immediately note that the idea of such self-governing community in a world of complex international economic, environmental, and political interdependencies is itself highly problematic. But there is a more basic problem which goes to the heart of the definition of who constitutes such a community. Here, notions of democratic freedom are caught between the claims of the universality of citizen (ultimately human) rights and the accidental and restricted group of individuals who count as citizens. Individuals have been, and continue to be, excluded from citizenship rights on a variety of grounds such as place of birth, age, religion, colour, economic class and, indeed, sex.

To understand why these various categories are excluded we must shift our focus to the further presumption that a self-governing community consists of self-governing individuals. Freedom is held to be exercised by self-governing individuals within self-governing communities. But this postulate itself creates more problems. For a start, political theory has to explain how a community of self-governing individuals is compatible with a sovereign body which governs them, i.e. the state. This problem is at the base of all theories of democracy and notions of consent and obligation. These theories are all attempts to show how civil freedom can be transformed into political subordination.

Moreover, certain categories of person are excluded from citizenship on the grounds that they are deemed to lack the attributes of self-governing individuals i.e. the requisite level of reason, autonomy, independence, and so on. This is clear in the case of 'minors' and those who are legally defined as insane. But, as Carole Pateman has shown (ALR 137), women have often been deemed not to possess the necessary attributes of such self-governing individuals. In matters of marriage, rape and domestic violence, certain legal jurisdictions have continued to uphold such a supposition. So, too, at various times and places groups have been deemed not to possess the attributes of self-governing individuals on the basis of economic and legal status, e.g.

lack of property ownership, pauperism and welfare dependency, and criminality. It might be argued that the problem is more with the survival of old-fashioned values than with the notion of freedom as self-government. I would argue, to the contrary, that the liberal notion of self-government is deeply flawed for a simple reason. Its notion of a self-governing individual itself presupposes the idea that individuals relate to their physical, emotional and psychological attributes as property owners. It was John Locke who put forward the notion of 'property in the person' and Adam Smith who founded a political economy on the idea that the labourer was an owner of a certain type of property: labour. The secret of the 'hidden hand' of the market lay in the idea that the labourers, like the owners of capital and land, sought their own interests through the exchange of their property.

The advantage of this last notion of freedom is that it extends the boundaries of economic citizenship to include wage workers as a group who own neither land nor other productive means. There is, then, a profoundly democratic motive at the origin of this economic liberalism. Indeed, it is this which still lies at the heart of the appeals of neo-liberalism today. It says: "You all wish to better your own standard of living through the exchange of that which you own, your skills and capacities. Act in accordance with your own interests, exercise your economic freedom, and general prosperity and political citizenship will be yours."

The problem with such an idea is not simply that there is no necessary relation between economic and political citizenship. It is that this 'property in the person' differs fundamentally from other types of property. It is inalienable. The sale of labour power by a wage worker, like the sale of sexual service by a person who works as a prostitute, implies an exchange in which the seller is subject to relations of command and subordination. Exchange of this 'property in the person' thus implies obedience to another's commands and forfeit of one's bodily integrity. As such, this type of property, far from automatically securing political citizenship, throws into disarray the very notion of the self-governing individual on which it is based. The idea of the free citizen as a self-governing individual and the idea of a 'property in the person' which can be bought and sold are mutually exclusive.

There is a second and related point which can be made about notions of freedom, particularly in the Anglo-Saxon liberal tradition. Here, the freedom of the self-governing individual is simply a freedom from external constraint, what has often been called a negative conception of freedom. In other words, the primary sense of freedom follows from the view that freedom resides in the natural constitution of the individual. As self-governance is opposed to tyranny, so freedom is opposed to regulation, control, and supra-individual modes of governance. The problem here is that such notions give privilege to 'freedom from' over 'freedom to'.

A positive conception of freedom would depend on the existence of definite socially and ethically formed capacities which enable an individual to act in certain ways. A simple example would be literacy. A whole host of
freedoms would be unthinkable without this socially transmitted capacity, from the freedom to explore one's own or others' cultural heritage to that of the exercise of full political participation. What is necessary, then, is to attempt to think about freedom less as inherent in self-governing individuals and more as a feature of our social and political practices and organisation.

This is not to say that the notions of self-government should be completely abandoned but, rather, that they should be understood in quite a different and, in a sense, more practical way. Rather than understanding self-governance as a necessary feature of individuals that is liberated with the removal of obstacles to its operation, it may be understood as a capacity, or set of capacities, that are promoted differentially across a range of educational, ethical, political and legal discourses and practices characteristic of our types of society.

In this regard the final years of the work of the French thinker Michel Foucault are highly instructive. It is well-known in certain circles that Foucault sought to replace a negative conception of power (as repression) with a positive and productive one. In trying to understand what he called 'governmentality', Foucault attempted to enunciate a conception of power that avoided making power and freedom into opposites in the way which is implied by a negative concept of freedom. He argued that power, or at least that form of it which is most characteristic of our societies, does not operate directly upon the individual and her or his capacities in the form of repression, control, deduction, and coercion. Rather, this form of power seeks to direct the conduct of individuals and groups. Foucault indeed defined government not in terms of the state, but rather by those myriad practices that, it might be said, seek 'the conduct of conduct'. This form of power is exercised in myriad locations: schools, families, workplaces, clinics, bureaucracies and so on. It assumes not an absolute self-governance on the part of its targets, but rather varying degrees and types of self-responsibility, self-motivation, and autonomy with regard to individual conduct. In other words, these relations of power, however unequal and hierarchical, assume the possibility of a degree of freedom on both sides of the relation. This, at least, is what Foucault found intriguing in modern practices of power.

Why I find this interesting is that it implies that we do not have to make a choice between acceding to liberal conceptions of freedom as a given attribute of naturally self-governing individuals, and the rejection of freedom as a mystification of relations of domination.

Parallel to this positive conception of power we might try to imagine a positive conception of freedom. Here again, Foucault is suggestive. Toward the end of his life he began to discuss freedom in terms of what he called 'practices of freedom' rather than the supposed attributes of the human individual. These 'practices of freedom', are ones that allow, multiply, and expand the possibilities of self-definition and self-creation, and prevent the exercise of power from being transformed into a mode of domination or coercion. I would like to advance the idea that it is here that we might start to assemble a 'postliberal' conception of freedom.

Now, when Foucault raised this notion, he was discussing practices that might be called ethical practices, in which the individual applies historically developed techniques to herself or himself. Practices of freedom are here an action on oneself. But I think this might be construing the issue a little too narrowly—and we can use the problem of neoliberalism outlined above to illustrate this. We might say that the political problem is not neoliberalism's belief in the necessity for a certain form of ('negative') freedom. Rather, the problem lies in the privilege it grants to negative freedom and the way it hence casts regulatory practices as antithetical to such a form of freedom. In doing this, it remains blind to the necessity for what might be called 'regulatory practices of freedom' that maintain and extend possibilities of self-government and self-responsibility.

The problem of neoliberalism, then, is that a notion of negative freedom is not adequate to prevent the operation of economic power from sliding towards forms of naked domination. This may take the form of the domination of the iron cage of the market over the lives of all but a few. It may take the form of the domination of the boss, of the terror of losing one's job, of silence over sexual harassment or unhealthy workplaces, or fear of the consequences of belonging to a union. It may take the form of reducing certain groups to the domination of a struggle for subsistence, or that form of domination by economic and even biological necessity that is called poverty. In all such cases the appeal to a negative economic freedom paradoxically institutes relations of domination that deprive individuals and groups of autonomous spaces of conduct.

Social practices of social security, education, health care, community services, occupational and workplace regulation, are in this sense, at least potentially, 'practices of freedom'. They operate, or can operate, to provide individuals with the capacities and resources to act in such a way as to prevent the exercise of forms of power from becoming coercion, domination, and submission. In other words, they open spaces where the individual's life is at least partially a function of her or his conduct and not a reflex to forms of political and economic domination. In short, they open spaces of resistance.

This discussion may not seem to have taken us very far. (It has not succeeded in outlining a programmatic blueprint for positive freedom, for instance.) But I hope I have indicated why freedom is an important concept for those of us who, in times of a certain adversity, would still like to be positioned on the Left. If one could borrow a term, perhaps we could talk today of a 'free Left' rather than a 'new Left'. By the former I mean those who accept a certain responsibility in the face of the new economic and political times. For if today it is increasingly difficult to imagine a world in which the economic power that operates through markets is surpassed, this indicates an increased, not diminished, responsibility to argue for and construct what I have called practices of freedom.

MITCHELL DEAN teaches in sociology at Macquarie University. His forthcoming book is on Michel Foucault and historical sociology.
A TALE OF
Two Taxcuts

Paul Keating’s One Nation package helped rescue the government’s fortunes. The cost, however, was meeting the Coalition’s tax cut promises. Peter Groenewegen argues it’s time to call a halt to the tax-cut bidding war. Tax cuts have their uses, but the evidence points to the need for raising taxes, not lowering them.

The Tax Gunfight’ was the Sydney Telegraph-Mirror’s response to Paul Keating’s One Nation package in late February. PM and would-be-PM were suitably adorned with stetsons and gun-belts, flanking commentary depicting the One Nation/Fightback! confrontation as a saga in the spirit of the Gunfight at the OK Corral. Following the battle of the taxcuts was as gripping, we were told, as a Fenech world title fight, an Australian victory in the World Cup, or the latest episode in the battle of the sexes in Chances.

The more ‘serious’ newspapers around the nation, less colourful than Sydney’s sole surviving tabloid, examined the battle as another exercise in ‘who wins, who loses’. Given the confrontationist style of Parliament—which many journalists seem to think the one redeeming feature of democracy—the two packages tended invariably to be scrutinised for their differences rather than their similarities; gone are the days when the party platforms could be summarised in the imagery of Tweedledum and Tweedledee.

Yet, while there are many differences of great import between Fightback! and One Nation, there is also much that is similar. In particular, it is sadly true that both packages pander to the populist disease currently afflicting politicians of all hues for appealing to the public’s appetite for bigger and better tax cuts. Nor is this disease confined to Australian politicians: the Economist of 29 February implored British politicians ‘Don’t Cut Taxes’, in the runup to this month’s elections. The tax-cut fixation is all the more relevant when two decades of this mindset have driven Australia from the top of the bottom third in the OECD tax league to as close to the bottom as a self-respecting developed nation can get.
The political attractions of tax cuts are too well-known to require much comment. Inflation and 'bracket creep' (the erosion of the real thresholds of tax rates by inflation) are still of great importance, even with our drastically simplified rate scale and lower recent inflation rates. And tax cuts are always on call to redistribute an inflation-induced tax yield bonanza to whichever group of deserving 'middle income earners' have been drawn to the party pollsters' attention. Inaugurated by one of Gorton's one-year treasurers, Leslie Bury, the political tax cut was assiduously practised by subsequent Treasurers Billy Snedden, Frank Crean, Bill Hayden, Phil Lynch, John Howard and, most recently, Paul Keating himself—probably the most notorious instance being Malcolm Fraser's 'fistful of dollars' election campaign in 1977.

The common thread through these instances is that the grandiosity of their announcement ('the biggest tax reform since federation') is equalled only by the rapidity of their retreat from memory. Malcolm Fraser's one-year excursus into income tax rate indexation, hailed on its introduction as the greatest fiscal reform ever, was five years later described by his then-treasurer John Howard as a luxury no realistic politician could afford. The vague promises about automatic tax indexation in *Fightback!* ring particularly hollow when it is remembered that its architect was an unelected member of the gang which cobbled together Fraser's fiscal Xanadus during the early 1980s.

What is the case for tax cuts? And, more specifically, what is the case for further personal income tax cuts? To sort out the rhetoric from the analysis, it is not really necessary to wade through the catch-cries about the merits of a 'leaner' public sector—catch-cries which in any case can only be muted given the massive relative reduction in the size of the public sector over the last half-decade or so. Focus instead on the more important issue of the tax policy context in which the tax cuts are made.

For example, in the change in the tax mix from taxing income to taxing consumption advocated in *Fightback!*, income tax cuts can in certain circumstances play a legitimate role in compensating for a new broad-based consumption tax (GST). Such a policy has merit to the extent that it rationalises the tax system by replacing Australia's antiquated and indefensible wholesale sales tax (an objective, however, which it is perfectly possible to pursue without massive income tax cuts of the *Fightback!* variety).

Nevertheless, in many respects a change in the tax base has less merit today than it would have had in the early 1980s. Income tax administration has become much more efficient in the last few years, thanks to tax file numbers, selective audits, improved substantiation requirements and more common deduction of tax instalments at source—and this has been assisted by some adventurous, though still limited, base-broadening (the capital gains and fringe benefit taxes). Tax compliance has in consequence vastly improved from the days of the 1970s and early 1980s—a time when it could have been said with justice that income tax was voluntary for non-PAYE earners.
What other justifiable reasons are there for cutting income tax? Restructuring tax rates by adjusting the thresholds at which those rates come into operation can be a useful corrective to the ravages of inflation. Of course, an even more effective corrective would be simply to index income tax thresholds for inflation—though policymakers have traditionally rejected this for what may well be quite sound fiscal reasons.

However, there is a broader framework to consider here. Tax cuts can have a role to play in wider macroeconomic policy-making, enhancing the capacity of the government to bolster demand in time of recession, attack the distribution of wealth in our society, and enable resources to be allocated more efficiently between sectors. Addressing the issue of tax cuts in these terms helps us understand the pros and cons of the two tax cuts currently on offer. It also enables us to pierce that dark veil called 'fiscal illusion', which masks some of the real dangers inherent in tax-cutting for political purposes.

First, tax cuts can have a significant role to play in stabilisation policy—in other words, in circumstances when the government needs to use macroeconomic policy to remedy a general deficiency in demand and rising unemployment. Across-the-board income tax cuts have been a longstanding means of lifting the overall level of demand in a recession such as the present one. One advantage is speed: the pay-as-you-earn system, since it docks wages at source, can also bolster pay packets and thus spending power quickly. The effectiveness of tax cuts in stimulating demand is all the greater if they are skewed towards lower income levels, since low-income earners spend more of what they earn, and spend a greater percentage of it on domestically-produced goods, than the well-to-do.

Another useful tax cut policy tool for recessions is a selective cut in sales tax, which can help stimulate demand in specific industries. Paul Keating's sales tax cut on imported cars in One Nation clearly falls into this category. Nevertheless, its effect will probably be short-lived, since its main effect will be to bring forward car sales rather than increase their total. The same stimulus to demand can also be achieved in other ways (and potentially more effectively)—such as by carefully-designed spending packages aimed at infrastructure to boost employment in the right place at the right time. Yet counter-cyclical public investment planning, on which great hopes were built in the 1930s, has rarely been seriously attempted. It appears that politicians and bureaucrats find it easier to face political problems—particularly when the time horizon of the reforms is lengthy, as is the case with One Nation and Fightback! It is worth remembering that economics is an imperfect science, that forecasting is fraught with uncertainty, that its theoretical propositions are often untestable, and that many of its conclusions embody assumptions of considerable arbitrariness. All the same, it has to be said that in their economic credibility both Fightback! and One Nation are miles in front of the flat-tax phantasies of a few years ago, whose castles in the air, built on growth and productivity supposedly generated through 'incentivation', even mesmerised ex-Treasury luminaries like John Stone.

There are a few distributional principles that potential tax-cutters would do well to keep in mind. For instance, raising the tax-free threshold raises the relative importance of the tax cut for the lower paid (its progressivity), but may also benefit the undeserving (some income-splitters, for example), and affects the tax burden of all, including the highest paid. Cutting marginal tax rates at the lower end of the scale assists those immediately affected, but because it likewise affects all taxpayers in higher brackets, it is exceedingly costly. Reducing maximum tax rates to bring them into equality with those overseas (such as the US or the 'Asian Tigers') may lay claim to recognising the potential of international tax competition, but it also wreaks havoc with the progressivity of the system. In short, some tax cuts are distributionally preferable to others, but most would be vastly improved if combined with increases in the tax base. Superannuation and housing are two instances of such base-widening—and in the first of these Fightback! is clearly ahead of the government.

The third issue of importance in considering tax cuts is their potential impact on the efficient allocation of resources between different sectors of the economy. Fightback's claims are particularly ambitious on this score. John Hewson's stated intention to secure zero inflation is well-known. In Fightback!, the known inflationary consequences of a 15% GST (in isolation from other policy measures) are supposedly offset by concomitant tax cuts in fuel excise, sales tax and payroll tax—the intention being to reduce the total inflationary impact to just 4.4%. Yet this is probably optimistic. If the GST creates the 'fiscal illusion' of falling wages, a wage push aimed at offsetting the increased prices of goods under a GST could shatter those inflationary expectations. Likewise, financial market reac-
tions to a GST-induced one-off change in the value of the Australian dollar may have a further inflationary effect.

More important, however, are the claims Fightback! makes for its ability to rebuild and reward Australia. The key to this achievement, we are told, are the incentives generated from reduced tax rates, and the improved competitive advantage derived from the reduced costs to business. Yet the extravagant hopes raised in other countries and at other times for this sort of supply-side economics have rarely borne fruit. Reducing the marginal tax rates may lead to some added incentive to work, save, invest and take risks—but the precise amount of this effect is highly speculative, and much overrated by those on the conservative side of politics who in any case have a predisposition towards lower income tax rates. Here tax cuts can feed the dangerous conservative delusions of ‘something for nothing’ exemplified by the now-notorious Laffer Curve, so successfully peddled in the presidency of Ronald Reagan.

A less publicised allocational effect of tax cuts is their impact on the public sector and the desirable flow of publicly-provided goods and services. It is upon this neglected factor that I want to concentrate in my final comments. The ability of government and opposition to offer tax cuts is in one sense a product of the relative decline of the public sector over the last few years. Australia’s public sector has been shrinking since 1985-6, with only a minor reversal recently owing merely to the disproportionate effects of the recession on the private sector. On average, the size of the public sector fell from 41.3% of Gross Domestic Product (GDP) in the early 1980s to 39% in the second half—a record not matched by many other OECD countries.

This trend has been accentuated by a statistical illusion in conventional measures of the growth of the public sector which tends to overestimate the size of the public sector, and hence to underestimate the effect of reductions in the size of the sector relative to GDP. The key to this illusion is the difficulty of measuring productivity and productivity gains in the public sector. By way of analogy, take the performance of a musical composition. The scope for productivity improvement in such cases becomes very restricted. A Schubert Trio cannot be performed by two people. Nor, if it was scored by the composer to take half an hour, can its performance be effectively reduced from the 1.5 person (performer) hours it takes to perform satisfactorily to one person hour by reducing its performance to twenty minutes.

Schubert Trios are admittedly a boundary case. They illustrate, however, that where the quality of output is tied to fairly specific inputs of labour, the ability to measure productivity gains in conventional terms is very restricted. Personal and community services embody many of the characteristics of the Schubert Syndrome; quality is substantially reduced if the required numbers or the requisite time is altered (eg larger class sizes or fewer counter staff)—though not always with the same dramatic consequences as in the case of the Schubert Trio.

A number of more general conclusions can be drawn from the Schubert Syndrome (known in academic circles as the Baumol effect). The first is that some sectors of the economy have unrestricted capacity for productivity growth (such as primary industry, mining, manufacturing and some services), but there are other services where a certain labour content is an essential feature of the quality of the output. Over time, as the productivity of the former category of industries and services grows, they will appear to be using relatively fewer resources (in labour). At the same time, the latter category will appear when measured in the conventional ways to be rising over time as a share of national output and employment—a measurement which then appears in the data for the Gross Domestic Product, but which in some ways is quite spurious. To put the same point in another way, there are some goods and services from which increasing satisfaction can be obtained even when the relative resources (in labour) devoted to their production is falling; on the other hand, there are other outputs (Schubert-type ones), where the satisfaction derived from their output may be falling even when the relative resources devoted to them may appear to be rising.

The Schubert Syndrome has crucial implications for interpreting the conventional measures of public sector growth. It seems plausible that Schubert Trio-type goods are of greater importance in public provision than private provision. Given current views on what should be publicly provided, then, one would expect the share of the public sector in national resources to rise over time, not fall. When this is not the case, as is patently true for Australia for the last five years or so, the quality of the provision of those types of services will tend to decline continually.

The Schubert Syndrome also has a nice corollary for relative tax burdens and the ease with which they can be borne. A declining share of income going to private provision is perfectly sustainable, provided that, as a result of productivity growth, these declining resources produce an equal or greater satisfaction of wants. Hence, we could easily live in a 99% tax regime if the remaining one percent of disposable income enabled the purchase of equivalent privately-produced goods and services. The moral is that rather than preaching the merits of further tax cuts, as politicians are all too prone to do, they should be selling tax rises as an essential price for maintaining the quality of those services provided by the government which resemble that of the Schubert Trio.

It also suggests that balanced growth makes it appropriate for private sector market activities to enjoy a declining, not a rising, share of national resources. Sadly, however, neither One Nation nor Fightback! mention any of these concerns. Packages in praise of tax cuts do not always tell the full story.

PETER GROENEWEGEN is professor of economics at Sydney University, and the author of the standard text Public Finance in Australia.
Everyone agrees that greenhouse is a pressing problem: why not solve it now? Peter Colley is not so sure. He argues that simplistic environmental arguments fail to contend with the economic and social costs of environmental friendliness. There are going to be winners and losers, and we need to know who they are.

The world is both addicted to energy and obsessed with it. From the dry economic prescriptions of the OECD to the popular culture visions of sci-fi films like *Bladerunner*, and the social equity agendas of the Left and feminists, the idea of progress is founded on the assumption of increasing access to the services provided by low-cost energy.

In 1972 the Club of Rome's *Limits to Growth* presented a vision of a bleak future where raw materials and energy were exhausted, leaving civilisation in a state of collapse. It didn't happen; the world's oil supplies are greater than they were then, despite two decades of increasing consumption, and the cost of all raw materials continues to drop as exploration and improving technology increase the recoverable reserves.

What we are faced with is not so much a problem of resource exhaustion, but of overuse. The fear of resource depletion has been replaced by another: the fear of overloading the living ecosystems of the planet with more human impacts than they can cope with. The 'greenhouse problem' has captured the imagination of many, representing perhaps the greatest example of humanity pushing up against global biophysical limits and risking not only its own future but that of much of the life on earth.

So how big is the problem, and how difficult is the solution? For some people the problem of finding alternative energy solutions to oil and coal is simply a matter of vision and enthusiasm. In this view, humanity's progress to a green and environmentally benign tomorrow is being held back by the narrow-mindedness of governments and the grasping avarice of car companies and power utilities. If individuals are at fault at all, it is only because they are given poor choices. Unfortunately, this simple solution to
a complex problem is, like most simple solutions, seriously inadequate.

The world's absolute energy requirements continue to grow dramatically, as does the role of fossil fuels in supplying those requirements. Despite rhetoric about energy efficiency in Europe and elsewhere, energy consumption per person continues to grow. In the entire postwar period, the only time when energy consumption growth slowed was when OPEC instigated the massive oil price hikes of 1973-4 and 1979-80. In those years, oil prices jumped 400% and 150% respectively. The economies of the world went into a tailspin. Diversification strategies were hurriedly implemented (in particular, switching from oil to coal and nuclear power for electricity generation) which improved energy efficiency significantly. That is, they reduced the amount of energy needed to produce a given amount of
national output. But we continued to use ever increasing amounts of energy.

The latest OECD forecasts are that developed nations will continue to improve their energy efficiency but still consume more. In the period to 2005, the date for carbon dioxide reduction targets popularised by a 1988 Toronto conference, OECD member countries will increase their energy requirements by 26%. What is even more worrying is that the requirements of the developing countries are expected to grow by 120%. The economies of the former Eastern Bloc are also expected to increase energy requirements by some 70% as they modernise and rebuild. Meanwhile, the scientists who put together the forecasts of doom on greenhouse at the Intergovernmental Panel on Climate Change in November 1990 stated that carbon dioxide emissions needed to be cut by 60% if the amount in the atmosphere was to be stabilised. It seems to be a case of the irresistible force meeting the immovable object; continually rising emissions from human activity colliding with the absolute limits of the biosphere.

Nobody actually knows the capacity of the biosphere to accept or assimilate carbon dioxide. We still don't understand the role of clouds (which are a major greenhouse force in their own right), or of oceans (which exchange enormous amounts of carbon dioxide with the atmosphere). In fact, we are not even certain about where half the carbon dioxide that is estimated to have been released since the Industrial Revolution has gone; some think that new forest growth in the northern hemisphere may have provided an absorptive ‘sink’.

All we actually know is that atmospheric concentrations of carbon dioxide and other greenhouse gases are increasing at an alarming rate. Computer models of the world’s climate predict that this will cause global warming: the best guess is of an increase of between 2.5 and 6 degrees centigrade by the end of next century. This will cause climatic changes, but again nobody knows how great these will be. It is not even possible to determine whether the world will grow more or less plants and crops under a warmer climate. There is the possibility of a ‘runaway greenhouse effect’, e.g. if slight global warming causes the thawing of the vast expanses of Arctic tundra we could see the release of enormous amounts of methane, one of the strongest greenhouse gases, from decomposing peat.

If it could be shown that the worst case scenario were true, and that life on earth would be utterly transformed, the world community would be justified in devoting most of its resources to fighting the problem. Given that the level of certainty is much less than that, and that the world has a few other pressing problems, like recessions, mass unemployment and national reconstruction of ravaged nations (Cambodia, Eastern Europe and the Commonwealth of Independent States) we must ask ourselves what level of resources we can afford to devote to the problem. And for Australia, which is suffering from the global recession more than most, the questions must be whether we can turn the challenge of greenhouse to our advantage or whether we accept heavy burdens gracefully. Or whether we do nothing.

What is greenhouse?

Not to be confused with the depletion of the ozone layer (though there are some interconnections), the greenhouse effect is mostly a natural tendency. The action of water vapour and trace gases acts to trap some of the solar energy which is received by the earth’s surface and re-emitted. The natural greenhouse effect raises global average temperatures by some 30 degrees centigrade, necessary to sustain most life.

The enhanced greenhouse effect is caused by human activities emitting more of the trace gases, and some new ones, into the atmosphere at a rate faster than it can be absorbed. The gases are mainly carbon dioxide, methane, nitrous oxide and halocarbons (mostly CFCs). Quantifying all the sources and sinks such as guessing methane releases from the rice paddies of the world is a hazardous business and considerable uncertainties remain. Similarly, the main source of predictions of global warming are computer-based General Circulation Models (GCMs). These models are under constant development and do not yet claim to replicate the actual operation of the global climate.

The balance of scientific opinion (and there are major dissenters) is that atmospheric concentrations of greenhouse gases are definitely increasing and that global average temperatures will rise. There is considerably less certainty about the rate at which the temperature will rise, and less again about what the climate and other impacts of that will be.

Compact fluorescent light bulbs in every house, high-tech refrigerators, building insulation programs, solar hot water heaters on every roof, windmill farms and electric cars—all of these comprise a vision of a clean and green future which stimulates industry development and employment. According to Department of the Environment consultant Deni Greene and others, it could all be
done cheaply, and with net savings. So why isn't it happening? The answer lies in a mish-mash of institutional rigidities, inadequate information, poor regulatory structures, imperfect markets—and, unfortunately, the hard economic realities of Australia's international position.

It is possible to go broke saving money, as anyone who has indulged in post-Christmas sales can testify. Numerous energy end-use studies have sought to demonstrate that Australia can save money by shifting to greenhouse-friendly technologies. The National Institute for Economic and Industry Research forecast back in 1990 that savings of up to $6 billion by 2005 were possible.

Since that time, a few somewhat more difficult facts have emerged. Studies by the Industry Commission, and by other orthodox economic organisations, have forecast that the cost to Australia of achieving greenhouse targets, with or without global consensus, will be high: high in terms of an increasing cost of living, in downwards pressure on wages, in numbers employed and in gross output.

Sceptics of economic orthodoxy might hope to dismiss the Industry Commission findings. But this is not a serious option. The IC's projections have been broadly endorsed by the National Institute in recent work done for the Commission for the Future. Achieving the Toronto target was possible, they concluded, but it would cost $53 billion in additional expenditure to 2005, much of it from the public purse. Savings—most of which would accrue privately rather than to the public purse—would recoup about $25 billion.

$53 billion is roughly 23 times what Paul Keating decided to spend in his One Nation statement, and over one-third of the entire net foreign debt. Or about $3,000 for each person in the country. This may be a necessary price to pay, but it is hardly a small price. Further, there would be a decrease in employment of 0.6%, or around 50,000 jobs in today's labour force. In a country with already 10% unemployment, the human cost of perpetuating high unemployment levels would be high. More pragmatically, it is common sense that the federal Labor government is doomed unless it can make progress in getting the rate under 10%.

The formidable outlays involved can be attributed partly to Australia's current economic position, some inherent problems, and the up-front nature of the solutions. Energy-efficient and alternative energy technologies can save money, but often only in the long term: 10 to 20 years. Put simply, the running costs might be lower, but the initial purchase price is much higher. And unless interest rates are low, interest on money borrowed to finance new equipment purchases will more than outweigh the savings.

Secondly, many of the technical solutions to the energy problem rely on advanced technology, an area where Australia has a distinct disadvantage in comparison to many other countries. It is not that our research and development effort is poor (though it could be much better). It is that Australia is a small country (in terms of markets) and is remote from the major overseas markets for high value products. A manufacturer of windmills in the USA has a domestic market of 240 million people, while the increasing economic integration of Europe opens up similar economies of scale there.

What we cannot manufacture efficiently here we are obliged to import. If Australia imports a significant proportion of the capital and equipment that is required to improve its greenhouse credentials, then the balance of payments problem is increased and the federal government comes under renewed pressure to control domestic consumption by restricting wages. This problem can also occur even if the required goods are not imported. Investment in building and construction does not stimulate imports by itself, but unless it actively contributes to export earnings it acts to increase domestic consumption and thereby exacerbates the trade problem.

Australia might be able to develop large new export industries that are based on environmentally benign goods and services. (An interesting case is the solar hot water heater industry, which exports almost as much as it sells domestically due to the cut-throat competition from electricity utilities.) But it would require interventionist industry policy on a scale not yet witnessed in Australia.

Ultimately what we are talking about is attempting to shift from a comparative advantage in fossil fuel energy to a competitive advantage in energy efficiency. This will be no mean feat, and it will involve massive transitional traumas. Take the coal industry. It only directly employs 30,000 people. Various people, including officers of the federal Department of the Environment and some minor political parties, have suggested that wiping it out would involve relatively small human costs. In terms of direct job losses, its elimination would actually involve fewer lost jobs than in, say, the vehicle or textile, clothing and footwear (TCF) industries over recent years.

For the heavily urban-based population of Australia, most of whom are employed in service industries, the coal industry is usually out of sight and out of mind. So why not dispense with it? The inconvenient truth is that coal is Australia's largest export industry, as well as providing some 80% of our electricity. Simply digging coal out of the ground and putting it on the nearest ship brings in more revenue than all export income from all types of complex manufactured goods. Some areas of manufacturing are doing well in exports; growth rates of over 15% per year are being recorded (for instance, in motor vehicles). But as the Pappas Carter report, commissioned by the Australian Manufacturing Council two years ago, pointed out, growth is from such a small base, and the requirement for
Australian export growth so great that even by the turn of the century manufacturing will not be a significantly larger contributor to export revenue.

The story goes further. Coal exports are predicted to grow by 50% by the year 2000. While the industry employs only 30,000 people directly, those workers contribute more than a quarter of a million dollars each to GDP each year. These revenues support not only coal mining towns but entire regions. For example, the Hunter Valley has a population of about 500,000 with about 182,000 in employment. The core industries of coal, power generation and aluminium account for 41% of that total, and it is obvious that service industries rely on the core industries for their basic demand. A large proportion of Australia's current and prospective export industries are based on low energy costs. Despite the rantings of the Industry Commission, and perhaps of many households who feel the pinch of electricity bills, Australia has some of the lowest energy costs in the world. The restructuring measures announced in the One Nation statement may lead to even cheaper electricity and therefore favour more energy intensive industries.

Thus far there has been a dialogue of the deaf with respect to the directions of Australian industry and the greenhouse debate. The buzz word for industry development is downstream processing: that is, the further processing here of raw materials which we currently export. But large industrial plants (for instance, mineral sands processing, aluminium smelting, iron and steel) are intensive energy consumers. They locate in Australia because the basic material, and the energy to process it, is readily available. Remove either of those key factors, which are the basis of Australia's comparative advantage in such industries and they will locate elsewhere.

Even the most optimistic promoters of wind and solar energy do not claim to be able to generate electricity at less than a 50% mark-up on coal-based electricity. Many energy economists think that between 100 and 150% is closer to the truth—particularly when the need for back-up plant is included. If taxes on the carbon content of fossil fuels are introduced in order to encourage a transfer to greenhouse-friendly renewables, as has been mooted internationally, then the price of energy will increase substantially. It may well be that the current costs of coal-fired electricity and oil use do not take into account environmental impacts. But simply changing the prices to 'level the playing field' between fossil fuels and alternative energy technologies will cause immediate short term economic and social problems without necessarily resolving greenhouse.

Has anyone asked the Australian people if they are prepared to pay at least 50% more for their electricity? Just as importantly, what proportion of Australia's energy-intensive export industries could survive such a price hike? Who is going to explain to lower income people on the outskirts of cities that they must pay much more for their petrol when there is not, and is not likely to be, a viable public transport alternative due to the vastness of suburban sprawl.

The recent development of the greenhouse debate

1987 The World Commission on Environment and Development’s *Our Common Future* ('the Brundtland report') popularises the concept of sustainable development.

1988 A conference on the Changing Climate in Toronto, Canada, calls for world to reduce carbon dioxide emissions by 20% by 2005.

August 1990 The Intergovernmental Panel on Climate Change issues predictions of global warming and estimates of climate impacts.

October 1990 The Australian government adopts the Toronto target but extends it to include all greenhouse gases. It inserts the important caveat that it would not proceed with response measures which would have net adverse economic impacts nationally or on Australia's trade competitiveness in the absence of similar action by major greenhouse gas producing nations.

November 1990 At the Second World Climate Conference in Geneva, Australia and others push for the adoption of emission reduction targets.


April 1992 Revised IPCC findings to be issued.

June 1992 United Nations Conference on environment and development to consider a framework convention on climate change. Over 100 world leaders and 30,000 people to attend.
In other words, moving away from fossil fuels in order to prevent global warming is not as easy as moving away from the use of CFCs to save the ozone layer. CFCs are a relatively minor industrial chemical, used as a refrigerant, propellant and in polystyrene foam. Fossil fuel use, on the other hand, is integrated into almost every aspect of our daily lives.

Solving the greenhouse problem requires a measured response that attempts to balance the scientific findings, environmental values, social priorities and competing demands for public and private sector funds. There is a host of energy conservation and energy efficient measures that will produce benefits in the short to medium term at little or no cost: redirection of energy, research and development, energy rating systems for buildings and equipment, education programs, best available technology databases, demand-side management by electricity utilities, cogeneration by large industrial plants and removal of financing barriers to efficient energy use. In themselves, these measures require considerable action by governments, business and households to reform the established way in which they work. All change involves stress and the social dislocation should not be wished away.

Further down the track are other more expensive measures which we know will produce greenhouse and economic benefits. Transferring as much as possible of the projected growth in the transport sector to rail rather than road will save energy, emissions and a host of social costs. Paul Keating’s One Nation commitments on rail infrastructure investment, together with the earlier establishment of the National Rail Corporation, marks a move in the right direction after decades of neglect. Urban consolidation will also produce greenhouse dividends by reducing material and energy use in construction and operation and by reducing energy consumption in transport.

Ultimately, however, meeting greenhouse targets will involve major changes to the energy production sector and to the costs of energy throughout the economy. Recent studies—including those done for the Commission for the Future and for the Prime Minister’s Ecologically Sustainable Development Working Groups—have given short shrift to the idea that the Toronto-style 20% emission reduction target can be met through energy conservation and efficiency measures alone. The economic and workforce restructuring involved would be considerable—probably substantially greater than the current trauma being experienced in the vehicle and TCF industries.

In these circumstances, Australia has to decide how it can best assist the global situation without arbitrarily making its already difficult economic situation even more desperate. Rapid moves to penalise the fossil fuel industries will produce severe economic repercussions without significantly reducing global greenhouse emissions (Australia contributes less than 2% of the total) and without establishing the basis of new industries to fill the gap. If greenhouse science confirms the need for major urgent measures (and it has yet to do so), it makes sense for fossil fuel production and use to be reduced in places where it is subsidised, economically inefficient and more environmentally damaging. In contrast to fossil fuel industries in many other countries, Australia is an efficient and environmentally friendly producer.

The world will not always rely so heavily on fossil fuels. Alternative energy technologies (nuclear and renewable) are going to provide increasing competition, and it is clear that economic progress will depend on reducing energy use for any given product or service. The greenhouse issue will accelerate that trend.

The message is that successful economies and societies will ultimately be those that rely on energy efficient goods and services. Unfortunately for Australia, that is not where our immediate future lies. The challenge then is to devise an economic and industry development strategy that acknowledges our inevitable reliance on energy industries now but which seeks to establish the basis of new and greener industries for the next century. The size of the task should not be underestimated; it required major government and union support, and private sector investment, for the iron and steel industry to be turned around from a ‘basket case’ to a successful export industry (albeit with a sizeable loss of jobs). There are few other examples around.

It is time to do away with a debate founded on conspiracy theories and with simplistic visions of utopia. Changing to a greenhouse friendly economy may ultimately produce gains, environmentally and economically, but the costs in getting there will be high. For Australians to make realistic choices about what they are prepared to undertake they must be supplied with much better information than they have been to date. Governments and energy utilities should be less secretive, paternalistic and traditional in their energy planning. Similarly, environmentalists and proponents of alternative energy technologies need to be more forthcoming about the very real uncertainties involved in the science of greenhouse (which are readily admitted by the CSIRO), the high costs of stringent reduction measures and the major difficulties that Australia faces in shifting away from its especially heavy reliance on fossil fuels.

And if sustainable development is to include equity and social justice, the employment and income effects of major restructuring need to be closely considered. At the moment there is an eerie similarity between the assumptions of neoclassical economists that perfect markets will automatically produce optimal employment outcomes, and the assumption of some environmentalists that greater environmental controls will automatically increase employment and improve living standards. It’s a pity that it has taken a major recession to focus the minds of both groups on creating employment.

PETER COLLEY works for the United Mine Workers Division of the Construction, Forestry and Mining Employees Union. He co-ordinated the ACTU’s participation in the Ecologically Sustainable Development Working Groups.
Russia’s moment of post-communist euphoria is long past; now the priority is staving off chaos. Tony Phillips looks at the enormous obstacles to the Western-style nirvana of the reformers, and the perilous position of Boris Yeltsin.
threatens, and in some cases is negating, the human rights upon which democracy is built.

The old Soviet system was one of extreme centralisation. It was tied together by overlapping bureaucracies, the most important of which was the Communist Party bureaucracy. Over the period of his rule, Gorbachev progressively weakened these bureaucracies and attempted to substitute for them new social and economic (market) forces. The effects of this have, however, been two-sided. Old structures of power were eroded and individual human rights and desires received more attention. On the other hand, at the level of the social system, the predominant tendency has simply been the antithesis of the old system’s inherent centralism. The main direction in which change flowed under Gorbachev was not towards democratisation or even capitalism but simply towards decentralisation. The ideas of democracy and market played key ideological roles but in practice they were most successful when they were reinforcing decentralisation.

This tendency to decentralisation should not be assumed to have run its course simply because the Soviet party and state are no more. The dynamics of the present situation are still tied mightily into the past at all levels: cultural, economic and political. In a sense we might say that the Soviet system is like a train which has been derailed. The derailment may have been an emergency measure taken by the driver, but just because the train has left the rails doesn’t mean the catastrophe is over; there is still much carnage to come.

It is in the fury of this continuing disintegration of politics and economics, frequently accelerated by the ideologues who urge it on, that the reformists around Yeltsin are battling to plant a ‘civilised’ market economy and a stable
democratic system. So far they have had more luck with the latter than the former. Let me turn to the basic problems in the former Soviet Union at the moment.

While I am concentrating here on Russia, the bulk of the problems are best perceived through the prism of the national questions, both between and within republics. Russia, the heart of the old Soviet Union, faces political challenges both within its borders and in its dealings with those outside. Already, debates over how to treat the national question(s) are causing splits not just between non-democratic conservatives and democratic reformists, but also within the democratic ranks. For example, Anatoli Sobchak, Mayor of St Petersburg, and Alexander Rutskoi, Vice-President of Russia, both prefer a stronger stand on Russian sovereignty than does Yeltsin. Indeed, a split between Yeltsin and Rutskoi on just this question continues to be the subject of speculation in the Russian press. Yet all were heroes of the defeat of the coup.

The national question is creating the following problems, many of which will have to be dealt with in the short to medium term:

(i) Violence. In the south, in particular, age-old animosities combined with populist nationalism (of which old communists are often the most enthusiastic proponents) have spilled over into war. The tribal culture of some regions, combined with the massive quantities of arms now available, means that a series of wars between local militias is now as likely as state-directed conflict. Indeed, in small republics and regions the two become, Yugoslav-style, indivisible.

(ii) Migration. Violence, or the fear of it, has led many to abandon their homes and head for the safety of their national origins. Russians are a large proportion among those leaving non-slavic republics, though some non-slavic minorities have also sought refuge in Russia. The emigration of Russians from these provinces often leaves the republics depleted of human talent (a function of Russian imperialism: why train locals when you can import your own?) and of often less corrupt officials. By the same token, the arrival of non-Russian refugees in major Russian population centres has the potential to set off new ethnic tensions inside Russia. On top of all this it should be remembered that the economy was barely coping when people were staying put. Having to deal with hundreds of thousands of refugees as well as returning soldiers from Eastern Europe and the Baltic states, may push its resources beyond their limits.

(iii) Border disagreements. The Crimea is potentially the major explosive border dispute: it is capable of evoking political passions, and has at least three ethnic groups involved. The Crimean Tatars, deported by Stalin, want to go home and have been saying so in Red Square for many years now. The Ukrainians, led by a 'reformed' communist, claim it was given to them by Khrushchev. Moreover, a significant segment of the Crimean Soviet is made up of old communists, now Russian nationalists, who are appealing to the predominantly Russian population and the Russian government for rejoining Russia, or at least for considerably more local autonomy than they already enjoy. In terms of internal Russian borders the battle is more often waged by negotiation, and sometimes with economic weapons, and Yeltsin is currently pleading for a one-year moratorium on sovereignty claims by the numerous nationalities within the Russian Federal Republic. In Moldova, Nagorno-Karabakh and Georgia violence over border disputes has already broken out.

(iv) Division of assets. This tangle is too complex to go into in detail here, but just who does own the ships, the planes, the embassies, the gold reserves of the old USSR? The gold reserves may be the least of these problems since there appears to be none left. With all republics strapped for cash there is great tension on the issue, yet its complexity makes it highly unlikely that anyone will be satisfied.

(v) The financial system. This is an unholy mess. Russia controls the printing presses and thus the money supply, but threats and intentions by other republics to introduce their own currency (in particular from the Baltic states and Ukraine) could see Russia flooded with even more roubles. On top of currency squabbles are problems of tax evasion and newly-formed border controls. In such a situation smuggling and speculation are quick ways to a fortune and organised crime is growing by the day to take advantage of it.

(vi) Division of the armed forces. The disputes given most prominence so far are those between Russia and Ukraine over the Black Sea fleet and over the strategic nuclear arsenal. However, there are similar problems on nearly every level: over who should serve where, and who has the right to control ammunition and personnel for instance. Commanders have even offered their regiments for sale to the highest government bidder (provision of food and clothing is a good starting bid). A state is not a state until it has an armed force over which it has sole control. The size, composition and nature of the armed forces in the republics will be an important area of dispute for a while yet. In addition, it should be remembered that it is by no means clear that certain sections of the former Soviet army are not still political players in a revolution only half won.

(vii) Economic co-operation. This is last but not least. The general tendency towards national rivalry, underpinned by economic crisis and the demands of state-building, is eroding economic co-operation far more than it is helping it. Protectionism and trade war tactics are emerging as important economic weapons in the struggle between the republics and arguments that such a course is irrational and mutually impoverishing are falling on deaf ears. Large parts of the former Soviet Union appear destined to become completely economically localised and in some areas barter is already taking over. A series of competing states, impoverished and tied by trade lines away from each other toward developed nations (cf Africa and South America), is not impossible. Indeed, it may be that the future structure of the old USSR resembles a series of prosperous enclaves within a sea of poverty and underdevelopment. The links that bound the old economic actors together are
gone; it is not yet clear that the new political and economic rationales will rejoin them.

This then is a quick, and by no means exhaustive, sketch of the problems caused by nationalism in the former USSR. Within this context the problems confronted by the new powers are threefold. First, they are in practice state-building rather than reforming an old state. Thus they confront problems of borders, of taxation, of constitution and lawbuilding, all of which have taken modern states years to develop and which, in the current situation, are required to have been done yesterday.

**The apparatchiks frustrate Yeltsin as they frustrated Gorbachev.**

Secondly, there is the question of the introduction of a market economy, something which in 19th century Western Europe historically more often followed the consolidation of states. In this they face not just an enormous economic problem compounded by their own lack of authority, but also a contradiction arising from their own reformist origins. Those now in power in Russia have set a course in the last few years which was concerned to remove the state from intervening in many spheres of human existence. However, contrary to classical liberal presumptions the market is not naturally exploding into flower now that state control has been removed. The economy is dying completely in some sectors and behaving in an extremely anti-social way in others. In order to survive, government intervention is essential for all the same reasons it is in the West. Strong government is needed to stabilise currency, to provide relief for the market’s victims, to provide infrastructure, to enforce workable rules for business.

Third, there is the problem of stabilising democracy. There are numerous problems at this level. There is a multitude of parties yet to settle into fixed policy positions or memberships; an electoral system which will encourage further fragmentation; the overhang of the old political culture favouring stern, executive, solutions to problems along with big-name political personalities to implement them; the existence of political parties who use the democratic arena to preach anti-democratic politics; and a legal vacuum relating to separation of the powers of government. This last applies not just to legislature and executive in the RSFSR but also to the power of governments on a vertical level. At lower levels of government everywhere the apparatchiks are still hanging on. From this power base they frustrate Yeltsin as they frustrated Gorbachev, feather their own nests and indulge in political attacks on the reformers. Their power is made greater because it lacks definition, which might constrain it, and is enhanced ideologically by the ethos of decentralisation.

It is within this context that Russian political debate is currently taking place. The current policy approach of the government has been aimed at three objectives: alleviating shortages via stimulation of the market; stabilising the rouble and bringing inflation under control; and consolidating a taxation base from which relief to victims of the market can be provided without the effects of massive inflation.

Yeltsin moved at the beginning of January to reduce price subsidies, and nearly all except for baby food, housing and energy will be gone by the time this goes to press. The result was a massive increase in prices but little else. This was partly due to corruption but it was underpinned by the monopoly nature of the old system. Under communism goods were allocated and produced on a functional basis. Not only was there often only just, or not, enough but there were only a few producers and distributors for each single item. Free prices now allow them to charge what they like without heed to any restraints, moral or legal. Competition which might drive down the price has little or no effect, especially given the scale of shortage. In some areas of the economy organised gangs will use violent tactics to keep it that way.

The other prong of the policy of freezing prices was privatisation, which was supposed to provide the competitive pressures crucial to price liberalisation. A shortage of capital combined with great resistance and simple time-wasting at lower levels of government are slowing this process almost to a halt. As prices have risen and some privatisation has taken place it would seem, according to some reports, that more food has appeared in the shops. However, it is available only at prices far beyond the reach of ordinary citizens. The average wage is around 400 roubles a month; free market meat costs 100 roubles a kilo, and free market butter 140 roubles a kilo. Moreover, the source of much of the food supply appears to be the slaughtering of productive livestock (dairy cattle, laying hens and so on) which are highly profitable to kill and sell and expensive to keep alive. If this is the case, future food prospects are very bleak indeed.

The third prong of Yeltsin’s strategy has been a temporary consumption tax of 28% which appears to be widely avoided by large sections of the market economy it was supposed to catch. So precarious is the revenue base that the Russian budget brought down at the beginning of the year only attempted to deal with the first quarter. Over the next month or two more ruinous figures could cause an even greater contraction in state services, with sombre implications for the millions of people who rely on them and vast destabilisation of the political situation.

For the time being at least the democrats remain in command in Russia. Yeltsin has probably the best advisers of any of the republican presidents and, while his popularity is set to dip below 45%, he, like Gorbachev before him as yet faces no clear challenger. His future hinges on his ability to hold together his coalition (Rutskoi is touted as the most likely to split it), on achieving respectable economic figures for the first quarter of 1992, on an easing of inflation, on more government revenue, on a supply of foreign capital via the IMF or World Bank (unlikely until June at earliest), on the behaviour of the other republics and nationalities,
and last but not least, on the patience of key sectors of the population. Particularly crucial will be the blue-collar working class, the population of the large cities and the army.

On the question of the future of democracy the prognosis is more complex. On the credit side the democrats have the mythical power of the August 1991 coup defeat, and an ideology with greater legitimacy. They are backed by a strong free press, a small but rich business class and (most important to date) the most political sectors of the working class. Indeed the population in general has a strong commitment to democracy—though they are more divided about economic reform.

However, there are other factors at work. Not only does the old apparat survive but so does the old culture, and Russian nationalism is part of that. The introduction of market relations will tear away at much of the old community spirit—and this community spirit can and will identify with Russian nationalism. Thus the democrats face a battle to identify Russian nationalism with their conception of a democratic state and a predominantly market economy, rather than with the nostalgia of their opponents.

Hence the battle for hearts and minds is taking place on a number of levels. Communists are currently joining with fascists in a number of ‘nationalist’ rallies deploring the market reforms. While some are open about their anti-democratic sentiments, more subtle minds within the conservative camp depict the others as extremists and push a softly, softly line. Their success so far has been limited but they may succeed in building a constituency.

Danger to democracy may also come from certain free market liberals who see a strong state as the only way to impose a new market system on the catastrophe that is the Russian economy. The stage is thus set for a number of unholy alliances between proponents of three different visions: a social-democratic mixed-economy Russia; an authoritarian developmental Russia of the South Korean or Chilean kind; or a heady reaction of Russian nationalism which would combine a nostalgia for the Tsarist past with a rejection yet again of both market and democracy. The latter is, I think, most unlikely, but those persuaded by it could provide useful allies for the authoritarians.

The forces at work in the former Soviet Union at present might truly be called historical. Democracy and the market have gained a foothold, but the pressures of decentralisation may well turn back the clock. On an international level new states have emerged or are struggling to do so and their size, power and relationship to the world economic and political system is yet to be determined. These processes are unmistakably those of modernisation. The last attempt to graft this on to the Russian Empire was communism; it remains to be seen if the new variant will take.

TONY PHILLIPS is a researcher in the Centre for Soviet and East European Studies at Melbourne University.

Judy Horacek

Cannibal Chickens With Egg On Their Faces
Jailhouse BLUES

Last month David Brown argued for a politics of policy on prisons rather than the old politics of critique. Here he explains what this might mean for responding to current penal trends.

In last month's *ALR* I argued for a rethink of radical approaches to prisons, away from an oppositionism which tends to view all prisons as the same and all penal practices as manifestations of repressive power and authority, to be opposed in toto. Such a rethink is based on a number of propositions:

(i) that prisons are not explicable in terms of some individual and singular 'purpose' or 'function';

(ii) that prisons are diverse and differentiated institutions. For example, the imprisonment of juveniles, women, Aborigines, or imprisonment in specific segregation and punishment regimes, prison farms, or in police lock-ups, are not identical;

(iii) that far from being purely sites for the exercise of an exclusively negative power to punish, prisons are also institutions for the expression of social values, sensibility, and morality, rather than instrumental means to a penological end;

(iv) that there is a need to reconceptualise the power to punish, and specific penal practices and institutions as forms of community resource, subject to political debate. They are not the property of a technical penology, but rather the subject of social policy debates of an allocational and distributive nature.

The argument then was cast at a general level. Here I want to illustrate the benefits of such an analysis by examining some current penal trends: the increasing interpenetration of prisons and police, the question of the siting of new prisons and HIV infection in prisons.

(i) The interpenetration of prisons and police

An emerging trend in some states (NSW in particular) is the increasing interpenetration or intermeshing of prisons and police. If, following the traditional Left approach, we view prisons and police as merely different sectors of a unified state apparatus organised around some overarch-
The clearest indication of the trend is the growing industry of prison informers. The key conditions encouraging the growth of prison informers are the repressive and punitive regime and, in particular, the abolition of remissions—all of which increases the pressure to find new forms of personal advantage within the system. The emerging incentive is a developing market in criminality: the volunteering of testimony in exchange for a range of privileges. These range from formal grants of immunity, informer sentence discounts, favourable classification and transfer decisions, access to witness protection programs, recommendations and support for bail, favourable parole assessments, day release, contact visits, phone calls, property, and so on.

There are numerous problems with the recruitment of prison informers by these sorts of inducements—foremost among them the unreliability of the evidence obtained and the damage done to the integrity of the criminal justice system. While commodification may well be a general tendency in what used to be called late capitalism, the growth of a testimony bazaar, located in the prison yards and run by particular detectives who seem to enjoy very privileged access to the prisons and by relatively newly formed intelligence units within Corrective Services Departments, worries many people. It is currently exercising the minds of the NSW Independent Commission Against Corruption as they investigate the issue of prison informers.

For the purpose of this discussion my point is that this is a tendency which should be strongly resisted, and such resistance is hard to ground in some generalised view of state repression or surveillance. It is not the function of prisons to become an annex to the court system, or an extension of the police holding cell or interrogation room. Extremely dubious confessional evidence which can no longer be so easily constructed in police stations under stricter regulation should not simply be given a change of venue, induced and assembled in the prison yard or cell: a trend I call the privatisation of the verbal.

One way of protecting prisoners, accused persons and the criminal justice system from these sorts of practices is to reinforce the separation of policing and corrective services functions and departments. Police access to the prisons should be strictly monitored and regulated and the activities of the new intelligence units in Corrective Services Departments clearly defined and made accountable. The institutional separation of the police and corrective services, increasingly blurred under the current NSW government in particular, must be clarified.

(ii) Prison Building: The New Transportation

If all prisons are much the same then the issue of where they are located is of little concern. But an increasing trend is to locate new prisons either in country areas or on the periphery of the major metropolitan centres. While there are certain economic advantages (cheaper land, for instance), there are also very clear economic and social disadvantages attendant on this new form of transportation. The symbolic and material exclusion from the communities from which prisoners and their families and friends are drawn is heightened by the problems of distance and cost of travel and in many cases lack of adequate public transport. While we would expect the physical conditions in the new prisons to be an improvement on the dilapidated state of many of the old 19th century prison stock, this does not necessarily compensate for the loss of contact with visitors and over-classification entailed where the new prisons are designated maximum security.

The old traditional prisons in the main metropolitan centres—such as Fremantle, Boggo Road, Pentridge, Long Bay, Parramatta, and so on—often have appalling physical conditions. Yet they at least have or had a physical relationship with particular local communities wholly lacking in some of the new prisons positioned at the edge of country highways. The closure of Fremantle is perhaps the starkest illustration of this tendency. In another example, NSW ministers have suggested that the Long Bay site is now too valuable a location for a prison; it should be knocked down and relocated to the hinterlands and the site sold to private enterprise for a luxury hotel and residential development. This is similar to the objection to Housing Department tenants living in traditional inner city working class residential areas which have suddenly become desirable locations for the middle class. Expulsion takes many forms.

It is clearly necessary to point out the folly of the massive prison building program being undertaken in NSW, Britain and the USA as largely irrelevant to crime reduction and prevention. Yet it is important not to abstain from debates over the location, design, classification, regime and facilities of the new prisons. Involvement in such decisions is part of the process of reconceptualising penal institutions as community resources, subject to political debate over planning and resource policy issues. The location of new prisons, like new airports, hospitals, freeways, does matter.

(iii) Prisons and HIV Infection

Particular attention has focused on HIV and AIDS infection in prisons because of the fear that prisoners will become 'incubators' for the transmission of the HIV virus and will form a 'bridge' between the recognised high risk groups to the community at large. The argument has been put as follows:

Prison populations include a disproportionate number of people who engage in high risk activities associated with the transmission of the HIV virus—intravenous drug users and men who engage in homosexual activity, often temporarily for the period of imprisonment. Prisoners are thus seen as a high risk group for HIV infection upon admission, for the transmission of HIV infection within the prisons and for further transmission in the general community upon release.1.
I want to argue here that the outcomes of the diverse issues thrown up by the intersection of HIV and prisons are not already inscribed in some logic of repression or contagion. New issues are created, old practices can receive fresh consideration, new political alliances and constituencies can emerge; in short, a range of political outcomes is up for grabs.

On the regressive side, certain attitudes to AIDS in prisons echo the deserving/undeserving, guilty/innocent victim dichotomies common in popular debate. This is the view that those who are infected with the HIV virus through high-risk activities such as homosexual activity or IV drug use ‘deserve’ to catch the disease while those who have been infected through, say, blood transfusion, are ‘innocent’ and ‘undeserving’. In some of the more extreme formulations of certain religious fundamentalist groups, AIDS is even welcomed as a form of divine retribution for evil. This sort of moral differentiation is closely connected with themes in the justification of punishment, particularly just deserts, deterrence and retribution. They are potentially given an even stronger inflection in relation to prisoners. For prisoners who are infected can be seen as doubly deserving. Not only have they intentionally engaged in high risk practices but they have also been convicted of criminal offences.

Doubly disaffiliated in this fashion, HIV-affected prisoners become the lowest of all political priorities, the most ‘undeserving’. At best such a status grounds policies marked by complacency or neglect, industrial action based on exaggerated fears of contracting the disease, lack of resources for proper medical and counselling programs, and so on. At worst (and usually unarticulated or at least not publicly articulated) AIDS is tacitly used as a new form of capital punishment via policies of punitive segregation, misconceived compulsory testing programs, gross breaches of confidentiality, the withdrawal of needle cleaning agents, and the refusal to allow access to condoms and clean needles. NSW Prisons Minister Michael Yabsley once commented that not only was rape in prison inevitable, but also that it might be a useful deterrent factor. Now the prospect of acquiring AIDS in prison is being used as a deterrent to crime.

Operating against such regressive responses is the metaphor of the prison as a ‘bridge’ for AIDS infection into the wider (and particularly the heterosexual) community. This highlights the impossibility of isolating ‘contagion’ either in an institution or in individuals, the inadequacy of basing preventive strategies on concepts of individual guilt or desert. So, paradoxically, there are potentially positive influences and effects on prison conditions and issues which might be established out of the responses to AIDS. One of these is the introduction of new pressure groups to penal politics. Two such groups stand out.

First there are the AIDS activist groups, such as ACT UP, which have already entered penal debates with submissions, protests and educational activities. The second group comprise senior health care professionals engaged in AIDS prevention work. In the past this politically power-ful group had little interest in prisons. Now their interest in preventive and epidemiological work has drawn them into the potential ranks of the prison reform movement as they discover and condemn prison practices and conditions which promote the spread of infection and which hinder preventive strategies.

This attitude is not restricted to the prison; respected senior health administrators have increasingly supported needle exchange programs and called for an end to the criminalisation of personal drug use and possession.

Another potential benefit is increasing recognition of the links between the criminalisation of certain drug use and addiction and property crime. This could translate into support for the development of internal prison drug education programs involving prisoners themselves, similar to the strategy of education campaigns which have proved spectacularly successful in changing sexual practices and promoting prevention in both the homosexual and sex worker communities.

Such internal prisoner groups might even start the difficult task of attempting to create a prison culture where sexually predatory and violent behaviour is actively discouraged rather than condoned or tolerated: a ‘remoralisation’ which works against the construction of ultra-machismo promoted in traditional male prison culture. If this sounds far-fetched, consider that even in the worst prisons (such as the Long Bay Assessment Prison in NSW), inmate support groups are offering encouragement and assistance to young prisoners newly arrived in prison to negotiate the terrors of prison life. The prisoners in ISG lend their individual and group authority to the protection of these vulnerable prisoners from sexual assault, preventing suicides and trying to promote an ethic of caring within the prison community.

Even in the most unfavourable of conditions and out of tragedies such as AIDS, new forces of sociality and new sensibilities are constantly emerging. The task is to identify and support these developments, to enhance their potential. That task is not assisted by a blanket condemnation of prisons as places of undifferentiated repression. Nor by an approach to criminal justice which treats it as a system, as a coherent set of institutions and linked processes within which power is localised and exercised upon external objects.

There is little to be gained from imposing some logic on the criminal justice system from above, which in turn serves to sustain and bolster it. Rather, the more fruitful course is to dissect it from below: to analyse the practices which constitute it as a field of power, their sources, effects, and the myriad networks of power and knowledge they enter.

DAVID BROWN teaches in Law at the University of NSW.

Peter Walsh was one of Labor’s leading advocates of economic liberalism in the 1980s. ALR asked him about his views on the waning of the rationalist tide, and on the new direction represented by Paul Keating’s Economic Statement.

Peter Walsh is a Western Australian ALP Senator, and by occupation a wheat farmer. From 1983 to 1990 he was federal Minister for Finance. He is now a columnist for the Australian Financial Review. He was interviewed for ALR by David Burchell.

You were a major advocate of the policies of financial deregulation pursued by the present government over the 1980s. Looking back, one could be forgiven for thinking the record of financial deregulation doesn’t look too good.

One unfortunate coincidence of the 1980s, I think, was that the banking system was deregulated at the time it was. That was, with the wisdom of hindsight, a policy error. The reason for the error, I suppose, was that nobody foresaw the stupid way in which the mainstream Australian trading banks would respond to the perceived dangers of foreign competition. What they did, of course, was go on a wild, undisciplined lending spree. I wouldn’t have believed the major Australian banks could behave in that way. They lent hundreds of millions on no mortgage security whatsoever; sometimes on nothing but a negative pledge that the assets wouldn’t be mortgaged to somebody else. In other cases they didn’t even ask the borrowers how much they owed to other financial institutions. That interacted with and compounded the permissive monetary policy immediately following the 1987 share crash, and we’re paying for that now. However, we have had mad booms before, without a deregulated banking system.

Nevertheless, your opponents in the labour movement would say that that was an argument for not deregulating the financial system in the first place.

I don’t know how far they’d want to go with that. As far as floating the dollar is concerned, I don’t think there was any realistic option. The question of deregulating the financial system was probably different, but the people who put that argument conveniently ignore the degree to which it was
deregulating itself anyway, because the banks were being bypassed in the days of regulation.

How, in hindsight, do you see the record of 'economic rationalism', as it was implemented as policy in the 1980s? Wasn't the problem perhaps that it was embraced as a dogma—it was seen as being an antidote to a dogma, but it in fact become a dogma itself.

I would define economic rationalism as the belief that market forces will generally produce better outcomes, a more efficient allocation of resources, than government intervention. I still think that's true. It may not be the conventional wisdom of today, but if you look at what was happening in the public sector in the same period—not in the federal government perhaps, but in the states—who wants any more State Banks of South Australia or of Victoria?

Again, as Shaw said about Christianity: it was a great idea, it was a pity it had never been tried. I know that can be used as a cop-out by anyone of any political persuasion, but it is not without some validity in this context. Economic rationalism never really was tried. We ran a pretty permissive wages policy through the 1980s. True, we didn't have a wages explosion like 1981-2 or 1974-5, but year after year, the government said it was alright to have nominal wage increases of 7%. Given that there was minimal productivity growth and that wages drift guaranteed an inflation rate of the same level, the drift of government policy was against the advice of the economic rationalists, people like me and the Treasury and Finance economists.

When you referred to economic rationalism, you put it in the past tense. Do I take it from that you think the tide has actually turned against it and won't be turning back?

Oh no. The continued reduction in protection will survive this recession. One thing that John Button saw more clearly than the Treasury economists, and more clearly than Keating, is quite how arthritic the Australian economy is. Button was always sceptical about the J-curve following the dollar's crash in 1986. He questioned whether the Treasury economists' modelling took that into account. He understood just how lazy and incompetent the private sector is in Australia, and that it will not respond to those sort of changes in relative prices in the traded and non-traded sector in the way Treasury thinks it will. I think it's a legitimate criticism of Treasury that they do not realise that the Australian economy does not respond to price signals in the way they think it should.

There's been a lot of criticism of Treasury recently. The most obvious example is Michael Pusey's book, but more broadly there have also been various comments made by senior ministers, including Dawkins, to the effect that Treasury's views were relied on much too heavily in the 1980s, and that more independent advice would be sought now.

First, I didn't see any Treasury forecasts at that time. I do know that what has been said by various Treasurers is not necessarily what Treasury has advised them. For instance, the table in the recent Economic Statement which shows the budget coming back into surplus is definitely not a Treasury table.

The Economic Statement has been widely interpreted in the media as a significant departure from the priorities of the Labor government in the 1980s. How do you respond to that?

Keating has argued publicly that we ran a tight fiscal policy throughout the 1980s because the private economy was going along well and there was no need for compensatory government spending to maintain aggregate demand. The historical truth, of course, is that we started tightening fiscal policy seriously in 1986, at the very time that the private sector was going into a shallow recession—and we knew it was going into a shallow recession. We did it because the dollar had just crashed. And fiscal policy remained tight over a number of succeeding years because the forward estimates of real growth and outlays were published, and there was a belief in Cabinet that if we failed to meet those forward estimates it would be interpreted as a return to the fiscal indiscipline traditionally associated with Labor governments, and we'd have another run on the dollar.

Ironically, employment growth actually accelerated after we started tightening fiscal policy. The period of really rapid employment growth in the 1980s was from 1987 through to 1990, when we ran the tightest fiscal policy any Australian government had ever run. Even then we didn't get unemployment down below 5%.

To return to the question, what is your opinion of the Economic Statement? Does it constitute a change of direction from Labor's priorities in the 1980s?

The Economic Statement is a very mixed bag. My hunch is that the railway investment is probably justified, but that the road investment is much more suspect—in particular the Black Spots component of it, which is yet to be evaluated properly. And the original policy was driven by opinion polls anyway, not policy rationality. There are some other dubious things in it, like $45 million for the Multi-Function Polis (MFP). I have never understood what the MFP was supposed to be, although I heard all the cabinet briefings. But one thing that was said over and over again was that there would be no demand for government money for it. Yet there was $12 million in the last budget, and now another $45 million; it could become Australia's Concorde.

And there are a number of other silly little things in the Statement which have got nothing to do with, and sometimes are in direct conflict with, its stated intention.

The total magnitude of the program is not particularly large, it's true. I think the reason that was so was that the government itself believed that if there was a huge stimulus we'd have another crash of the dollar, and that would touch off an inflationary spiral and God knows what. They're not
July 1, which of course had been locked in by the agreement there, the orthodox argument would be that people like labour movement, particularly in the Left but hardly only Package. In your newspaper columns you’ve come out Australian electorate will rebel quite strongly against a That was the figure which was cited, but I doubt that it growth of something in the region of 4.5%

That was the figure which was cited, but I doubt that it should be taken seriously. But if it is going to be taken seriously, that’s a formula for very largely repeating the mistakes of 1989. And there’s another important objection—it is very close to a flat tax. And if the Labor Party doesn’t believe in a progressive income tax system, what on earth does it believe in?

Presumably, if the scenario of 4.5% growth isn’t realised, as far as politics is concerned, the weight is going to be upon delivering the promised tax cuts and changing fiscal policy, not changing one’s promises on tax cuts according to the state of government finances.

In 1989 we should have cancelled the tax cuts scheduled for July 1, which of course had been locked in by the agreement with the ACTU nearly 12 months earlier. And then we wouldn’t have had to put nearly so much weight on monetary policy. Interest rates wouldn’t have hit 20%, and we wouldn’t have a recession of the magnitude that we now have. Of course, we might also not have a Labor government now—that may be true, though it’s arguable.

There seems to be a consensus in the public debate that people think taxes are too high and that simply in the interests of political necessity they have to be lowered—even if the figures demonstrate that we’re in the bottom third of OECD countries in terms of income tax rates.

I think the evidence supports that proposition pretty strongly—and the push for lower tax comes not just from the HR Nicholls society, it also comes from the ACTU. And the latter is a much more effective pressure group, at least when Labor is in government. The evidence is that the Australian electorate will rebel quite strongly against a higher level of taxation.

I’d like to ask a couple of things about the *Fightback!* package. In your newspaper columns you’ve come out strongly against what you see as the mythic status of the GST as an economic solution to our problems. In the labour movement, particularly in the Left but hardly only there, the orthodox argument would be that people like yourself are partly responsible for the sort of political and economic agenda which you find in *Fightback!* as a whole, because it’s 'more of the same, only more so'. How do you respond to that?

Well, I was opposing Labor’s version of the GST in 1985. I think I can claim I was the only one who strongly and consistently opposed it in the whole Cabinet, for similar sorts of reasons that I oppose it now. At the very least the transition costs are going to be extremely high. There will be a big boost to the CPI. And if you rule out the option of tightening fiscal policy, as the Liberals have, you might be forced into another credit squeeze. So you might get inflation out of the system, but at the cost of another fairly prolonged and deep recession. And for what purpose?

I know people say that sort of thing about me...

When people say it, I suppose they’re not thinking so much about the GST specifically, but about the *Fightback!* package as a whole. The overall impact of the package, which is built around the GST, is obviously directed towards what would obviously have to be a massive cut in public expenditure and a significant redistribution of wealth.

There’s a fairly large cut in public expenditure in the Liberals’ figuring, although some of their sham savings are suspect and their arithmetic probably doesn’t balance. I think the Treasury and Finance estimates should be taken as honest, and they show a $4 billion gap.

One of the perceived problems in our tax system, of course, is that the marginal tax at around median employed incom es is seen to be far too high—and it is pretty high by general standards. That’s what the Liberals have capitalised on. But that can be overcome in other ways.

I think Keating has to take a lot of the blame for this, because when it came to changing the tax rate scale, he always focused on the rates, instead of the thresholds. He swallowed the argument that having a few rates was a good thing; I don’t know why. And also, for a long, long time, he swallowed the argument that the corporate tax rate and the top personal tax rate had to be aligned, or you would have massive tax evasion. But none of those things are true.

On the subject of Paul Keating, you were taken to be a supporter of his in the leadership ballot. He’s been perceived in the last few months to have changed his views quite substantially. How do you interpret that?

It is true I voted for Keating both times, without hesitation, but with quite a lot of apprehension. There was no hesitation, because I thought the Hawke government was paralysed. There was no hope either for the party or the country while Hawke remained there. Keating’s decisions since are another matter. The only way in which I can account for the Coronation Hill decision, or non-decision if you like, is that he gave an undertaking to some caucus members in return for leadership votes. He contemptuously refers to it as a thimbleful. Well, the capital investment is
something above $100 million - that's not a thimbleful. And it is certainly not consistent with anything in Keating's record.

But this is one thing about Paul. Sometimes what politicians say in public is not what they believe. It's not uncommon for there to be a divergence between the two. But leaving that possibility aside, if he does believe all the different things he has said, he has a capacity for self-delusion.

One school of thought would say he's a barometer: that he doesn't develop new ideas so much as sense acutely where the tide of ideas is running.

I'm not sure about that. Some people say that when he became Treasurer he was just snowed by the Treasury bureaucrats. That is an oversimplification, because the floating of the dollar was in fact done against John Stone's advice. And in the Stone Treasury only the Stone line I think got through to the Treasurer. I think there's a bit more intellectual liberalism in Treasury now than there was when Stone was running it.

Aside from the Coronation Hill decision, one aspect of the rhetoric which he seems to be groping for to find the right tenor for the times, has been a return to the high-growth, expansionist posture of the early 80s. People have invoked the rebirth of Keynes after his untimely death. How do you respond to that?

To some extent he's just playing politics I think. But you know, the 'recession we had to have' was in fact the recession we didn't have to have. The recession is a function of the over-reliance on monetary policy. And I cannot understand how Paul, right up to the end of 1990, could have been deluding himself that we weren't going to have a recession. In the first article I wrote for the Australian Financial Review, I said that "the impending recession is likely to be deeper and more durable than many people realise". I don't claim infallibility, but I was certainly right about that. It needn't have happened to anything like the extent that it did if we had not closed off the fiscal policy option.

One final question. Some people would identify views such as yours on some issues with the political Right. You obviously don't agree with that. Your views on tax, for instance, don't come from that part of the spectrum...

And go way beyond what most of the so-called Left is willing to advocate.

Someone actually described you as an old-style socialist, as I recall. Given that the political spectrum has fragmented and become much more confusing in recent years, how would you perceive your position within that spectrum?

I've always regarded myself as a left-winger, because of my views on the need for income redistribution, and a general opposition to the use of the power of the state to underwrite the privilege of particular groups. And I include in that definition, of course, maintaining feather-bedding practices in the public sector. Most people who call themselves or are called left-wingers don't see anything wrong with that. I have always seen something wrong with that.

I am in favour of economic growth, and that is a Labor tradition that goes right back to the beginning. It's only in the last 10 or 15 years that the belief in the importance of economic growth in lifting the material standards of ordinary people has become unfashionable. I believe in economic growth—but then a right-winger could equally believe in that. So if the objective is higher material standards of living, the argument is about how you achieve that. And the important issue there is about income distribution, and what the state does with its power to redistribute.

I know that nowadays in what I call the bourgeois Left there are people who say we don't need any economic growth—but I don't notice them volunteering to take cuts in their real incomes. And these supposed left-wingers say things like "people don't want to drive their own cars, people want public transport". Like hell they don't. They do want to drive their own cars. And given the choice between driving their own cars with petrol at a reasonable price and catching a bus, they'll drive their own cars, because it gives them so much more personal freedom and mobility. Now, it's true that in doing that they might be creating some external diseconomies, but it still doesn't help to construct your policy on the foundation of a lie.

DAVID BURCHELL is ALR's Editor.
Turning Turtle

“This furore is entirely made up by the press. There may well be outrage in Malaysia—but it’s been forced on Mahathir by the press in Australia. Of course their job is to be mischievous. But I think it’ll have a bad outcome for Australia.”

These censorious views come from the ex-journalist and ex-diplomat Blanche d’Alpuget, author of the 1981 novel Turtle Beach (now belatedly filmed). It was d’Alpuget who personally warned then PM Bob Hawke that the film—whose background is the treatment of refugees from Vietnam as they arrive in Malaysia—was going to cause many more problems with that country (and the ASEAN group of countries which Malaysia tends to lead) than her much more accurate novel ever did. As such, she herself may well be said to have initiated the subsequent furore.

For the damage control process that the Department of Foreign Affairs and Trade (DFAT) then set in train has raised far more questions about Australia’s foreign relations and the government’s involvement in both cultural creation and the unfettered flow of ideas than the Malaysian leader, Mahathir, will ever do. DFAT has publicly dissociated Australia from 21 “errors of fact” in the film, and questioned Turtle Beach’s producer, Matt Carroll, about changing three aspects of the film. Despite this, Malaysia’s Foreign Minister Badawi has subsequently made it clear that it’s up to the Australian government “not to let the film”—which he hasn’t seen—“strain bilateral ties”.

So why did d’Alpuget—who wasn’t involved in the script or the making of the film, apart from being kept informed—start the ball rolling? “There were three reasons”, she explains. “One: practical diplomacy. I was in our embassy in Jakarta in 1966, with a bullet hole in my office window and the British Embassy going up in flames down the road. If the film had gone out cold, the Malaysians would have been justified in reacting with great shock. They would have taken it out on the High Commission, expelled staff and caused our businessmen to lose out in trade. Two: any film has a greater effect than a book on its audiences. And three: the film was funded with government money through the Film Finance Corporation. Explaining the arms length principle of that funding to Australian artists is hard enough. It would be impossible to get it across to the Malaysians.”

So, what is going to shock the Malaysians? Graphic scenes of the 1969 massacres of Chinese by Malays will certainly offend in a country that has done its best to expunge the event from the record. But that didn’t worry DFAT. Nor did the rather silly idea of showing a scene set in a Thai brothel, pretending it was in Kuala Lumpur. The sentence, “Malaysians are disgusting” did, however. It was spoken in frustration, and referred to the well-attested habit of villagers digging up turtle eggs after their mothers have swum thousands of kilometres and laboriously buried them. But DFAT didn’t think it should be said. It also disliked the portrayal of the Malaysian king as a lascivious playboy. There’s a small point here; in the book, the figure of Tunku Jamie is a minor princeling rather than the periodically elected big cheese. But it seems that Dr Mahathir’s own ruling UMNO Party is not in great disagreement with the filmmakers on this subject; it having recently set up a commission to investigate abuse of powers by the Sultans.

Which leaves the big one: a massacre of boat people, as they attempt to land, by Malay villagers wielding long and vicious parang knives. This doesn’t occur in the book and is unrecorded by history. Dramatically, it certainly helps to give extra power to the film’s ending—in which the central character of Minou, a Vietnamese refugee now married to the Australian High Commissioner, takes heroic action to save her children from possible massacre. But it could easily be seen as provocative. Producer Matt Carroll of course sees things differently. He argues the stoning of the refugees did occur: as many as 11,000 may have been towed back out to sea to an uncertain fate; and 200 refugees were drowned when their boat stuck on rocks as local villagers stood and watched.

And here we have the core of Turtle Beach’s problems. It is claimed as a work of fiction. The plot centres on two women—Judith, an excessively fictional journalist (played by Greta Scacchi) who becomes emotionally involved in actual events, and Minou (Joan Chen) the Chinese refugee mother from Vietnam with a kittenish exterior and a lioness heart that will go to any lengths for her offspring. But there’s no suggestion that this fiction is being played out anywhere other than in real Malaysia. There’s even a hint of apologia in the film’s line that “The Malaysians feel victimised and fear they’ll become a minority in their own country”. There was no consideration of re-setting the film in Ragaan—the imagined country that so upset Dr Mahathir in the ABC television series Embassy.

Producer Matt Carroll is a politically-charged filmmaker: an Australian Oliver Stone perhaps. Breaker Morant did a fair job on the Brits and Lord Kitchener without anyone dissociating from it. Waterfront took on the domestic politics of labour, scabs and their employers. The Last Bastion was no kinder to Churchill than Paul Keating has been of late. And the Barlow and Chambers mini-series certainly didn’t warm any Malaysian hearts in its portrayal of a quasi-political execution for two foolish Australian drug runners.
In *Turtle Beach* he would argue that he is more for refugees (of which there are still 8,000, isolated and almost forgotten on Bidong Island in Malaysia) than against the Malaysians. But he is not enamoured of the country’s justice system—a system that has become more and more enmeshed with the executive, and more Islamic. Indeed, it was on d’Alpuget’s advice that a conversation about the renaissance of Islamic fundamentalism was cut from the film’s script. Carroll believes that he’d be arrested if ever he went to Malaysia.

So we have a film that is emotionally absorbing and politically apt in reminding us of the continuing plight of refugees worldwide—whose numbers are enumerated in a caption at its end. But it’s also politically provocative in insisting on depicting a bloody massacre for which there is no known evidence.

But is this sufficient to give the Australian government the right to ask for changes—“trading human rights for economic reasons”, as Matt Carroll baldly describes it? And—however much we may want to understand and be understood by our Asian neighbours—does it justify the policy of dissociation? For surely other countries may catch on to the international and domestic advantages of kicking the craven Aussie. And how long, then, before some politician or bureaucrat decides to avoid such a fuss by pre-censoring the handing out of government monies through the FFC, and AFC or the Australia Council to artists wishing to create potentially ‘offensive’ products?

It’s drawing a long bow, admittedly. But with a mini-series about the Tiananmen killings finished, a play by a dissident Indonesian writer scheduled in Sydney, and another about Emperor Hirohito’s dying regrets due in Melbourne in October, it’s clear this subject will not be going away. And it’s an issue that unfortunately will stand between many viewers and the screen when they see *Turtle Beach*. (I personally preferred the subtlety of the book.) But as a metaphor for Australia’s need to learn from Asia, the central pairing of Greta Scacchi and Joan Chen is a powerful one.

**JEREMY ECCLES** is a freelance writer on the arts.
The Loathsome Pine

One of the most significant figures in the history of Australian mining was Essington Lewis, for many years the driving force behind BHP. He started his career with the company as a mining engineer and was a dedicated and enthusiastic miner. He believed in hard, pioneering work and the opening up of mineral resources in the outback, a country which he loved.

Mining, as carried out in Australia in the 1920s and 30s, damaged the environment, both at mine sites and processing plants. BHP's actions at Broken Hill, Port Pirie and Whyalla were fairly typical and there is no evidence that Essington Lewis saw this as doing environmental damage. Nonetheless, Essington Lewis was deeply upset by the adjacent urban and rural landscape. He saw the degraded environments surrounding these dry and dusty towns and believed that something had to be done to 'green' them, to make these better places to live in. And so he became an enthusiastic tree-planter. His biographer, Geoffrey Blainey, describes how Essington Lewis sought out new kinds of trees to plant in towns like Whyalla and how, as a result of his example, generations of BHP mining engineers became 'enthusiasts for silviculture'.

Essington Lewis' tree-planting has been an important part of the self image of the mining industry. Here was an enthusiastic miner, an uncompromising developer but passionately concerned for the environment. Hugh Morgan, in one of his strong attacks on the political expression of environmental concern, discovers 'a long tradition, in our industry, of environmental stewardship'. An essential part of this 'tradition' is derived from Essington Lewis' 'interest, some called it an obsession, with trees'. So, Essington Lewis acts as a talisman for mining industry chiefs like Morgan to prove that the concern of mining companies for the environment predates the politicisation of the ACF and the fashionable popularity of environmental politics.

It is unlikely that Lewis' enthusiasm for tree-planting was derived from some imperative embedded in the economic life of his company or his mining career. Nor that it was, properly speaking, the expression of concern by his company, BHP, though the interconnections are close and muddled. Whyalla was a company town when he was pressing for increased tree-planting and what he wanted he could certainly get. Nonetheless, BHP as a mining company hardly seems to have been involved.

Perhaps his passion was a 'displaced' concern for the environment. Here was a mining engineer, rising through the hierarchy of a great mining company doing manifest environmental harm: allowing waste to flow into the sea and the air, and leaving slag heaps, overburden and tailings to disfigure the landscape.

To tackle that kind of damage could well have had an impact on the economics of the company and would certainly have involved a criticism of the ways in which BHP went about its mining and refining operations: his career in the company could have been limited. Instead, he concentrated his efforts on tree-planting and improving the visual landscape of the mining towns, displacing the focus of environmental concern to an important but, compared with the mining operation, subsidiary area. I do not think the significance and sincerity of his passion should be minimised or mocked. He sought to do good by his efforts and was proud of his work and his achievements.

This is where the irony of what Essington Lewis did comes to the fore. In The Steel Master, Blainey notes his attempts to find new trees for the Whyalla area and retells this story:

Lewis found in California another tree which he thought would flourish at Whyalla, the Athel Pine (Tamarix aphylla). It was unusually green and shady for a tree that grew in arid country, and through the cuttings which Lewis imported in 1934 the Athel Pine became conspicuous at Whyalla, Mount Isa, Broken Hill, many outback towns and countless sheep and cattle stations.

With Essington Lewis' support and patronage, the use of the Athel Pine was extensive. But it should be noted that even if Lewis had not imported the tree it may well have been introduced by someone else, or some government or other body. The introduction of the cane toad and the prickly pear are indicators of the different ways in which these outsiders can come to Australia. At this time the tamarisk was being widely planted in California and Colorado and other arid regions for many of the same reasons.

More recently, CSIRO scientists of the Division of Wildlife and Ecology in Alice Springs have started reporting on the disastrous impact of the introduction of the Athel Pine on the arid river environment of central Australia. According to these scientists "The threat posed by the athel was described as continental in scale, dwarfing the toxic blue-green algae threat in the Darling River system". Its impact on the environment is graphically summarised:

The athel pine forms dense strands that choke out all native vegetation. Its thirsty roots pump out all available water and its leaves excrete salt crystals on the surface soil, killing plant, animal and insect life. The loss of gum trees and their leaf litter...
means loss of insects and nesting sites for native parrots and birds.

How ironic and sad that Essington Lewis, acting as a good citizen to 'green' Australia was the inadvertent carrier of this environmental disaster into the heart of a landscape he loved. How much better it would have been if he had concentrated his efforts on the direct environmental damage caused by BHP's mining and mineral processing or, if he had neglected the environment completely. By displacing his environmental concern from mining to the dry and dusty landscape he played his part in more extensive and serious damage than the mining operations he promoted or oversaw. Much of the specific mining damage can be repaired even now, but it is going to take great quantities of research and effort to overcome the degradation promoted by his environmental concern.

DOUG McEACHERN teaches in politics at the Australian National University.


Ten years ago a book debating Australian industry policy would have focused on the questions of tariffs and industry protection. Today the debate has shifted. The free traders have won the tariff debate and there is a general acceptance of the inevitability of lower tariffs. The issue now is: how should the public sector respond to a post-tariff environment?

Australian Industry: What Policy? is a series of essays by policymakers, trade unionists and captains of industry. Overall, the book is a welcome contribution to an important debate. The issues are current, and the contributors cut across the political spectrum. Highlights include Paul Chapman's critique of free market orthodoxy, and Bruce Hartnett's piece on the rise and fall of the Victorian government's economic strategy, the collapse of which shattered the most sophisticated challenge to the economic orthodoxy of Canberra.

However, the book suffers from a very uneven level of contributions. A number are long, badly written and largely irrelevant to industry policy. A more thoughtful and ruthless job by the editors would have improved the book's readability. It is also a pity that the debate between economic dries and interventionists is a series of essays by policymakers, trade unionists and captains of industry. Overall, the book is a welcome contribution to an important debate. The issues are current, and the contributors cut across the political spectrum. Highlights include Paul Chapman's critique of free market orthodoxy, and Bruce Hartnett's piece on the rise and fall of the Victorian government's economic strategy, the collapse of which shattered the most sophisticated challenge to the economic orthodoxy of Canberra.

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The contributions by the economic dries are disappointing. The article on the role of government by Tony Cole, the current head of Treasury, is a re-statement of the conditions of the local economy based on the wisdom of the same old economic textbooks. Its message, along with that of the piece from Professor Ross Garnaut, is predictable—less government and more microeconomic reform.

An example of the argument between economic dries and interventionists is provided by the debate on the role of the car industry. Costa, for the dries, argues that the Australian car industry is sub-standard and expensive: it is seen as a cost to society. If the industry cannot lower costs, the argument runs, then Australians should be allowed to import cars and the local industry should pack up. For Evans and Chapman, on the interventionist side, the car industry is important to the sustainability of manufacturing in Australia. Car companies demand skills and components. They have introduced new production technologies and techniques which have spread through other areas of manufacturing. Without the car industry, they argue, the future of Australian manufacturing is threatened. It is thus important in Australia (as in other car manufactur-
The first chapter gives an indication of the contemporary industry strategies to assist the dissemination of 'best practice', export marketing and strengthening linkage between manufacturing firms, research institutions and service industries.

A reading of Australian Industry: What Policy? suggests that the gulf between the economic dries and unionists, employers and management consultants is widening. The dries may have won the tariff debate, but they are locked into a rigid debate which is becoming irrelevant in tackling the issues raised by the increasing internationalisation of the Australian economy.

CARLO CARLI is an adviser to the Victorian Minister for Planning and Housing.

Labour's Utopias: bolshevism, fabianism, social democracy, by Peter Beilharz (Routledge, 1992). Reviewed by Geoff Dow.

I have often wondered about the tendency among academics to take at face value the claims of politicians, political movements and party propagandists to be marxist, socialist, social democrat or whatever. Don't we need some more analytically secure basis for appraisal and, if necessary, criticism of the claims, programs, strategies and achievements of political activists, even if the evaluations are to remain contested, provisional and discursive?

Labour's Utopias, impressively researched in London, Amsterdam and Oxford, is concerned with the “different conceptions of socialism” to have emerged from the philosophical, sociological and political traditions of the West. It is a history, biographical and political, rather than an evaluation. Beilharz's judgments will come through most clearly, I think, to those who are already familiar with them (through, for example, Thesis Eleven or his prodigious writings in ALR and elsewhere). They appear via comments on the issues presented by, and in terms dictated by the protagonists themselves; but the subsequent discussions seem to me to be unsatisfactory, almost as if recourse to abstract analysis of politics were now illegitimate.

The first chapter gives an indication of the questions the contemporary reader ought to be concerned about: citizenship, corporatism, productivity, the role of the state, the ontological role of labour, the scope of politics and, writ large, democracy. Chapter 2 is a survey of the conception of socialism preoccupying and constituting bolshevism. Here the variety of utopian hopes is well demonstrated—from Lenin's elitist politics to Trotsky's apparently over-enthusiastic pursuit of "Department One marxism", to dispute in the 1920s around Bukharin and Preobrazhensky. Once again, Beilharz is insistent that we should share his concern for specific questions: the lack of attention to differentiation, excessive faith in Western rationality, cavalier attitudes to coercion, the absence of a clear definition of socialist accumulation and the ill-preparedness of many of the bolsheviks to think beyond the parameters of Marx's writing. "Too late does Lenin discover that humans do no live by bread alone." But what was Lenin, celebrated until last year as a nation-builder, able to learn from Marx?

When the question is posed (Was a peaceful transition to industrialism possible?), it is left infuriatingly unexamined. Those who have walked around Moscow recently, observing the buildings and boulevards of the Stalin era surpass in quality those to have appeared in the last 30 years or remembering that the state shops had food a decade ago or noticing that stalls that once sold literary classics now offer ready access to Rambo posters (at considerable cost) might feel entitled to explanations for the disintegration in terms that have a more contemporary resonance. Why, even with all the suffering, have the heirs of bolshevism not delivered; are there no accomplishments at all? To me, the chapter wants its readers to conclude that analysis had failed, the specification of socialism being less important.

Chapter 3 presents the Fabians through the writings of Beatrix Potter (Webb), Sidney Webb, G D H Cole, Bernard Shaw and H G Wells. Once more, the archival research is splendid, but enthusiasm for the Fabians' attempts to forge social democracy is difficult for this reader at least to sustain. Their doctrines could be offensive (eugenics), misguided (admiration for the Soviet system), misleading (=labour representation of itself would change nothing)—Cole), amateurish or even anti-democratic (Shaw). I found this chapter the least informative, partly because there is something of the playful shavian in Beilharz himself: "it becomes even more than usually difficult to determine the relationship between the views of author and characters". Sometimes Beilharz's summaries are pithy and useful: "Darwinism ignores the Mind, in Shaw's eyes; Creative Evolution offers a better view of humanity...So called natural selection explained the easy part; it says nothing of morality, purpose, intelligence, accident". Nonetheless, however active they were, there is little indication that any of the writers discussed (and they are more researched than dis-
Social democracy, the attempt to create a "state within the state" gets its run in Chapter 4—though curiously it is German, not Scandinavian, debates that provide the "potent theoretical legacy". Given the attention to a "marxist reformism" in Swedish social democracy, it seems odd that the contributions of the world’s most successful labour movement are not considered. But the issues to be prioritised here are the obligation to work (or, perhaps, the duties of citizenship more generally) and the perceived tension between citizenship entitlements and labour's (proletarian) struggles (which are presumed to be less encompassing). The debates between Bernstein and Kautsky—over the status of socialism (goal or principle?), over the meaning of class politics, over the relation between liberalism's accomplishments and the socialist critique—provide the background to what are, once again, only muted statements of Beilharz's own position. Particularly irritating for me was the repetition that there is no theory of politics in Marx. The claim amounts to the assertion that formal political economy is not the whole story if it remains at the level of formal political economy; for Marx, of course, the point was to insist that politics under capitalism was initially supportive of accumulation later becomes an impediment unless the sphere of the market contracts and politics expands as part of the extension of democracy.

Herein lies the nub of a theory of social democracy that has not been well recognised by those anxious to abandon "grand theory". The extension of democracy beyond liberal (political) democracy calls not for an increasing number of citizens to be ceded representation—that is a problem for political democracy itself—but for an expansion of the range of issues in respect of which political or public or democratic or institutional criteria can legitimately be brought to bear.

This is the sense in which socialism is the heir of liberalism; the former respects the latter's achievements while criticising its limitations, most notably those deriving from the commodity status accorded labour (and everyone else) and the intrinsically undemocratic nature of liberal market allocative criteria. Social democracy's charter is not to enhance representation, but to extend entitlement of all citizens to share equitably in the standards of living the society and economy are capable of delivering. To unhitch reward from explicit effort is what unites the demands of labour and feminism in a long-term emancipatory project. Beilharz ascribes to social democracy a weberian sobriety, but this does less than justice to the expansiveness of the break with the "pig philosophies" of utilitarianism.

There are limits therefore to a social democratic politics, limits given by capacities in the state and the economy; and these seem to be recognised: "The choices are constrained, but choices they are". Labour's utopia must inevitably accept, with Marx, that things can't be done before they're possible. The social democratic struggle is to push towards the maximisation of what it is within our capability to achieve, to embrace the institutions that would make such a struggle feasible and to use the gains as a threshold for the further extension of the entitlements that can then be contemplated. Yes, this is a statist conception of political development; but it seems to me the only way to purge anglo-saxon polities of their socially damaging 'stop-go' proclivities.

GEOFF DOW teaches in government at the University of Queensland.

**Flamingo Gate** by Gary Disher (Imprint $12.95). Reviewed by Matthew Schultz.

The stories in this collection by Gary Disher are all set in a quietly menacing suburban landscape, whose inhabitants are defined by media images and symbols of consumerism. It is a complex world of brandnames and signs; where a relationship with a video recorder, television or computer might become more important than a relationship with another person. It is a world where an advertisement might prowl slowly across the sky, in the sinister form of an airship with HELM Finance printed across it; where serial killers become television stars. At the centre of this elaborate and ordered surface layer of modern meanings exists the chaotic realm of human relations — both on a personal and wider social level — which is the source of much paranoia. The characters in Disher's stories, fearing their vulnerability, keep themselves shut away in their houses, lock their objects away, keep an obsessive watch upon their neighbours.

Lonely and dislocated, many of Disher's characters are attracted by the pervers, macabre and strange. In the novella Flamingo Gate, for example, the author tells the story of Maslen, a profoundly dissatisfied lawyer whose spare time is divided between watching '50s crime movies on his video machine and tracking down a serial killer. Maslen's relationship with his daughter is juxtaposed against his relationship with the killer, whom he knows only through the imaginary world of an information filled computer screen. The implications of Disher's story are dark: what society regards as its worst aspects — here, a murderer — becomes Maslen's source of fulfilment, even more so than his own child.

It is a common characteristic of the stories in the collection that the author does not supply an historical context in which his characters might be

Davida Allen's Close to the Bone is not one of those books that inspires you to write a precious and brilliant review, in fact it just doesn't inspire — not like the way you were inspired years ago by reading To Kill a Mockingbird or by seeing your first Robert de Niro movie. No, Close to the Bone is not even as thrilling as watching When Harry Met Sally on television the other week — which is probably why I read the book in the commercial breaks. It is rather sad that a book which is all about escaping boredom and reading orgasmic levels of excitement should leave you with such a "Yeah, so what?" feeling...

Close to the Bone as autobiography reconstructs the life of an artist, artistically of course, in montage. Vicki Myers, whose autobiography the text claims to be, is quite obviously Davida Allen herself. Allen presents the autobiography as a "portrait of the Artist As Ordinary Housewife". But despite this claim to ordinariness Vicki delights in showing us that she is in fact extraordinary, as she invites us to wallow with her in the "unique creative mind" of an "Artist".

It is when Vicki is most threatened with becoming merely ordinary — like all other housebound mothers — that her "unique creative mind" comes to the rescue, rising above the seemingly insurmountable mountains of nappies and taking her to the dizzying heights of artistic imagination. Vicki's art liberates her, her "rage at being a woman" explodes into, and is somehow resolved by the sexual fantasies she plays out in her paintings. But Vicki's paintings and her relationship with Greg (the husband who encourages Vicki's self-liberation through art) suggest a sexual violence and objectification in which Vicki revels. "I like being the one ravaged. I don't ever want to be [Greg's] equal sexually" she says. Vicki likes the "idea of a woman as a vessel of love and passion. Being Greg's vessel is very important to me".

Apart from being dubious about the nature of Vicki's self-liberation, I was disappointed by Allen's failure to make the connection between Vicki's "rage at being a woman", and the rage of millions of other women trapped in "domestic horror". But perhaps I am being overly critical — why should Allen's portrait also represent images of other women? Autobiography/self-portraiture is, after all, by its very nature, self-obsessed. And why should the self-portrait be of a self which is like others; for isn't every "Artist's" greatest fear the fear of being thought not brilliant, not genuine, not extraordinary?

MOHA MELHEM is a Sydney-based writer..
I find the ‘line’ in ALR way to the right of Australian Society/Modern Times. The propagation of mainstream political/economic views is something which happens enough in the ‘capitalist press’ without a supposedly leftwing journal coming to the party.

It is most unfortunate that when the targets of critique in ALR are not the Liberal Party, they are the (generic) ‘Left’. I don’t wish to suggest that ‘the Left’ is above criticism or even self-criticism. The trouble is, much of ALR’s critique comes from the perspective of apologists for Hawke-style Labor politics—not a particularly leftwing perspective, I would argue.

In summary, although I enjoy the occasional article, I suspect the main reason why I as a Leftie am continuing to subscribe is because it is useful to ‘know your enemy’.

Sandy Ross,
North Fitzroy, Vic.
which is to delete any phrase or jargon, and no doubt would have personally I have my own rule, which is to delete any phrase or sentence which I could imagine Stuart Littlemore saying with a raised eyebrow. However, much though it grieves me to admit it, Stuart Littlemore saying with a raised eyebrow. However, much though it grieves me to admit it, Orwell definitely had a point about the English language.

Although he abhorred the use of jargon, and no doubt would have baulked at the use of the verb ‘to impact upon’, Orwell wasn’t very much concerned with the debate over ‘correct grammar’, Americanisms and standard English, which are still the stuff of most dispute over language. Clarity of meaning, he thought, was everything, which I suppose means that he wouldn’t have got too upset, as some people seem to, about greengrocers advertising ‘watermelon’s’, although he might have drawn the line at the sign in my local milkbar which offers ‘Shtzals’ (schnitzels, presumably, although I’ve never dared order one).

It’s hard to sympathise wholeheartedly with the traditionalists on this issue, especially those, like the Sydney Morning Herald’s Alan Petersen, who denounce any attempts to eliminate sexist language. But if there’s one thing more irritating than a pedant, it’s someone who doesn’t know the difference between ‘its’ and ‘it’s’. The freethinkers who proclaim the primacy of common usage over ‘correctness’, grammar, spelling and even meaning, share “the half-conscious belief that language is a natural growth and not an instrument which we shape for our own purposes” as Orwell put it.

These are the sort of people who will accept any barbarism on the grounds that the struggle against new words and usages is not only futile, but reactionary and even historically inaccurate. They not only don’t know the difference between ‘alternate’ and ‘alternative’ or ‘imply’ and ‘infer’, they don’t think it matters. If you wince at a word like ‘workstation’, they are liable to point out that it was first recorded in the works of Jonathan Swift in 1753. They take immense pleasure in the fact that Shakespeare spelled his name in a variety of different ways. As an excuse for bad spelling (or no spelling) this has always seemed to me equivalent to justifying violence in films like Terminator II by saying, “well, of course, Gloucester had his eye gouged out in King Lear”.

Newspapers haven’t quite fallen so low as to abandon all pretensions to consistency yet, but perhaps more importantly, they wilfully spread the virus of banality which Orwell identified. “Prose”, he said, “consists less and less of words chosen for the sake of their meaning, and more and more of phrases tacked together like the sections of a prefabricated hen-house”. He would surely recognise this tendency in headlines such as: ‘Next, the Mother of All Level Playing Field-Led Recoveries We Had to Have’. Or paragraphs which begin: ‘The reality is that One Nation, far from kick-starting the banana republic economy, has failed to fast-track the microeconomic reform we need to become the clever country’. As one English journalist put it so succinctly a couple of years ago, “we are taught to avoid cliches like the plague”.

If cliches spread with alarming speed (almost, you might say, like wildfire), the same is no less true of various stylistic devices. My pet hate over the last few months has been the number of sentences starting with “As well...”. Word seems to have gone round the Sydney Morning Herald in particular, that to write “As well, the Prime Minister said...”, instead of “The Prime Minister also said...” is modern, snappy style. But maybe I’m just an old fuddy-duddy.

There is one small problem with all this pedantic pontificating, which is that Orwell originally wrote his essay (Politics and the English Language) in 1946. If things were getting so much worse then, and still appear to be on the downward path now, you would think that the written word was no longer capable of communicating the simplest of messages. In the same way that people have always said that the streets were safer at night 20 years ago, so the perceived decline in the written word is passed on from generation to generation. You can imagine groups of religious scholars clustered round the first copies of the bible to roll off Caxton’s press, gloomily shaking their heads and muttering that “it’s not like it was in the old days”.

Orwell thought that language decay was a symptom as well as a cause of intellectual laziness, which would be curable by rigorous discipline on the part of writers, although often his remedies (like cutting out all the enjoyable bits) sound more like self-flagellation. Nevertheless, I can’t help but agree with him, even if it means making dubious alliances with the pedants and traditionalists in what is, after all, ‘Australia’s leading progressive magazine’. But then maybe Orwell was right too, when he said that ‘progressive’ is a word “used in most cases more or less dishonestly”. If progress means putting apostrophes where they were never meant to go, then leave me out of it.

MIKE TICHER is the sub-editor ALR had to have.
I have been told by those who may have reason to know that I am annoying in the morning. Now, esteemed readers, as you well know I am not given to unnecessary acrimony. Otherwise I might point out that clearheadedness, the ability to enunciate and to navigate between rooms without bumping into walls are not usually seen as instances of annoying behaviour—except by those given to imitating three-toed sloths in the morning. Indeed, if I were of an argumentative nature, I might point out that grumpiness, blank stares and a total inability to do anything (particularly when this non-doing is done in a blue terry towelling dressing gown) is truly annoying.

More relationships must crash on the rocks of the morning than on any other obstacle. There is something fraught with difficulty about the transition from the blissful unconsciousness of the night to the cruel exigencies of the day. The tedious scrabble for matching socks/stockings, the need to restrain oneself from rugby tackles for bathroom precedence, and the inability to linger over food create the right ingredients for argument.

Breakfasts can be miserable things. Muesli is my particular horror. Muesli is to breakfast what Volvos are to cars. It is eaten, not for pleasure, but for safety—for a balanced, sensible entry onto the bright, straight highway of life. (In my other job I compose desk diary entries.) And, like most Volvo drivers, muesli eaters are totally unconcerned with the effect they have on fellow travellers. A muesli eater’s grim determination is aesthetically repulsive. It marks a premature sloughing off of any lingering pleasure from the night. Not that a muesli muncher would know about that. Indeed, muesli eaters don’t like pleasure. If they find a doona feather in their hair, they pluck it out and discard it, without first stroking their face with it. If they detect an unauthorised smell, they Norsca it sooner than one can say ‘pine fragrance’. Muesli eaters see the body as a machine for work, and stoke themselves in order to get through the day. At least some muesli eaters hide their antisocial habits. Others actually publicly discuss the constituents of the vile concoction, and such vital issues as whether you toast it (presumably to make its consumption even noisier) or take it raw, like a real Scandinavian. Personally, I’d make them all wear a beige fabric bowl sewn on their clothes to mark them out from civilised humanity—and thus prevent one making the mistake of going home with them, and having to confront the chow down the next morning. Talk about miscegenation.

Toast can be just as bad too but in a sadder, poorer way. Precut bread with a smear of something ordinary symbolises the segmented lives we live. The work day penetrates the ordinary morning and renders it already part of someone else’s time. The only option is how many slices we can have in the allotted time. Questions of thickness, smell and texture are quite redundant.

Far be it from me to attempt to describe the perfect breakfast. However, for me it would be exactly like this:

Swathed in warmth, she woke slowly as the smell of coffee being ground wafted upstairs. The quiet bubbling of the expresso mingled with her last dreams. Wearing a non terry-towelling robe, he entered the room carrying a tray. The yellow orb of the grapefruit mingled with the gentle harshness of the coffee in her mind. Two soft eggs curved out from near a thick blanket of warm brown toast, which seemed to bleed butter. Stretching, she picked up a strawberry and passed it over her mouth, the stalk tickling her lips. She tasted the delicate red, and the soft tang reverberated down from her mouth to her feet, still hidden under the sheet.

But at this moment, dear reader, I always wake up. Still, to use an irrelevant quotation from the appropriately named Bacon, “Hope is a good breakfast, but it is a bad supper”. And who ate the last Weetbix?

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