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**AUSTRALIAN LEFT REVIEW : 122 : OCTOBER 1990**

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The Wages of Sin

Question: When was the last round of collective wage bargaining in Australia and what was its outcome?

Answer: At the peak of the ‘resources boom’ in 1981-82 when the metal workers’ union won a $39 pay rise and a 38-hour week which flowed on to the rest of the workforce.

The outcome was a wage ‘breakout’ which made local industry uncompetitive just as the downturn in the world economy was about to produce the worst recession in Australia - and the sharpest rise in unemployment - for 50 years.

After nearly a decade of wage freezes and centrally-controlled and delivered Accord pay systems, ACTU secretary Bill Kelty has pulled a major surprise in allowing individual unions to mount pay claims directly against employers and telling the Industrial Relations Commission to get nicked. The move, announced only a day after the August Budget, surprised the government, employers, and even the ACTU’s own bureaucrats who had been immersed in the leg work for the expected national wage case in the commission.

It was this wage case which was supposed to rubber stamp the Accord Mark VI deal struck between the ACTU and the federal government shortly before the March election which provided for:

- an across-the-board pay rise, in November or December, to reflect the September quarter rise in the Consumer Price Index - at the time expected to be around 1.5%;
- another $12 six months later;
- another phased 3% employer-funded superannuation round;
- tax cuts from 1 January.

But, at the ACTU executive meeting during the week of the Budget, Kelty made much of a series of events which has come to be known as “Commission bastards” - recent instances where the IRC had handed down “inconsistent” decisions not to the ACTU’s liking. Coolly, Kelty told the executive that it could not be confident that the IRC would rubber-stamp the Accord Mark VI deal in full. For instance, it might now apply a common starting date for the two-stage wage rises - which would mean that unions would have to wait in the queue.

Kelty’s assessment of IRC politics dovetails with the political cycle of the trade union movement. The resources boom round of collective bargaining followed half a decade of tightly controlled ‘partial’ or ‘plateau’ wage indexation in the 1970s which tightly limited the scope for direct action.

Then, like now, many union officials were eager to demonstrate their worth to the rank and file by trying to land one or two on the boss’s nose. The ACTU leadership itself reflects this mood shift - with the rough and gruff Martin Ferguson taking over from the smooth and technocratic Simon Crean as ACTU president.

The opportunity, soberly outlined by Kelty, to implement the Accord Mark VI “in the field” appealed to leftwing union leaders such as the Metal Workers’ George Campbell and the Public Sector Union’s Peter Robson. For Kelty, the new strategy also exploited the opportunity gradually to reduce the centralisation of the wage system, party through the vague Accord Mark VI provision for unions to make additional industry or enterprise-based wage claims.

Labour market reform will remain one of the major political battlegrounds in Australia through at least the first half of the 1990s. Despite the mid-1980s New Right challenge in disputes such as Mudginberri, Robe River and Dollar Sweets, the ACTU remains in control of a reform agenda for a Western European (rather than North American) form of labour market regulation.

This hinges around a minimum award wage safety net, award-based career structures, increased training, reduced union demarcation, union amalgamations and increased wage “flexibility” through an over-award pay tier. It is this over-award pay flexibility - ostensibly related to productivity and profitability, but more realistically linked to union “muscle” - which Kelty is now introducing. By definition, such over-award flexibility remains outside the IRC’s jurisdiction which, on Kelty’s plan, will be relegated in the 1990s to regulating the minimum social safety net rather than the total wage package.

If the 1981-82 episode underlines the danger in unleashing collective bargaining at the peak of the economic cycle, Kelty has picked the best stage of the cycle to retain control over the new bargaining ground and the early “transition” to a less centralised wage system. As well as delivering ACTU-style labour market reform, Kelty knows he has to keep Paul Keating’s macro-economic strategy from running completely off the rails. And this means that the ACTU has to hold the wage round within the Accord Mark VI agreement to 7% annual growth.

The means of doing this is the high interest rate-induced recession implemented by the Reserve Bank (where Kelty is a board member). Despite the recession, the building and road transport industries have quickly conceded the Accord Mark VI deal plus
more, partly because they are naturally sheltered from import competition.

But in most other industries, the unions will find the going much harder as the recession spreads throughout the economy over the rest of 1990. The public sector unions will get Accord Mark VI as federal Labor already has endorsed it - but they will have trouble getting much more.

As in 1981-82, the key will be the metal industry where a slump in new orders and job retrenchments will test both the militancy of the rank and file and the backbone of the bosses. Manufacturing production slumped by 5.5% in the June quarter as industry slashed its involuntary build-up of stocks.

The bargaining will be the toughest in areas such as clothing and footwear, where production has nose-dived by nearly 20% in the past 12 months.

But clothing trades union secretary Anna Booth figures her members probably would have had to wait in an IRC queue anyway and so might as well start bargaining for it now.

The recession minimises the risk that the wage round will get out of control. Instead, the main danger to the Kelty wage plan lies in the Middle East crisis and the inflationary boost from higher oil prices.

This again provides a parallel with 1981-82 - it was the second oil 'shock' of the 1970s which fuelled the ill-fated resources boom in Australia.

MICHAEL STUTCHBURY is economics editor of the Australian Financial Review.
Imagine, if you will, a very big building society based in Parramatta. Things start to go a bit crook. Rumours abound, and there is a run on deposits. A NSW Labor government, anxious to save the building society from collapse, consults independent auditors and the Reserve Bank. Satisfied with assurances that the building society is sound, the government tells depositors not to worry. The run continues. A few months later the building society closes its doors.

Now, Parramatta is not really a long way from federal Treasurer Paul Keating’s seat of Blaxland. What do you think he would do? Would he give the Reserve Bank a prod and come to the aid of the building society, or would he let it go and blame the NSW government?

The people of Geelong, the home of the failed Farrow group of building societies, have not spent much time on such mental exercises; they have been too busy hating the Victorian government - the government that was left holding the can when Farrow fell. Mr Keating sat tight when Farrow closed in July.

Victoria’s problems, Keating made clear, were Victoria’s problems. Building society regulation was a state matter. The collapse was what pushed John Cain from the premier’s post. It wiped from his government the last vestiges of credibility in economic management.

No one is suggesting here that Keating wanted it this way, or that he necessarily should have moved to save Farrow. But there are a few points that should be borne in mind. First, the Farrow group was the first major deposit-taking financial institution to collapse in almost 100 years. Second, Farrow appears to have expanded its deposits beyond the limits previously expected of building societies - in other words, it became a quite speculative body. This all happened within the context of the financial deregulation that Keating master-minded.

The departure of Cain, and a few months earlier the Victorian Treasurer Rob Jolly and the state’s chief bureaucrat Peter Sheehan, would not have chilled Keating’s heart. Is it unfair to Keating to muse this way? Maybe. But as the Treasurer would most likely observe in his more expansive moments, who said the world was fair?

Keating’s role in the decline, fall and possible resurrection of the Victorian Labor government this year should not be under-estimated. The federal Treasurer’s dislike for the Cain government’s interventionist style in economics became more and more apparent after Cain won his third successive election in late 1988.

When it comes to economic management, Keating makes it clear to those with whom he deals that generally there is only one way: his. While it was essentially a politically right-wing Labor government, the Cain administration was all about using public money to pump-prime the state’s economy - now a horribly leftist notion in the modern ALP.

It pursued a policy of trying to pick winners, extending capital to supposedly worthy companies so as to boost employment and export prospects. Often it worked, although the Victorian Economic Development Corporation, the government’s investment arm, was found to have lost $11 million in late 1988 and had to be wound up.

The fallout from the Farrow collapse, and the incredible $2.7 billion loss posted by the State Bank of Victoria, left Cain’s replacement, Joan Kirner, with little room to move. She sold the State Bank to the Commonwealth Bank and made her main goal the building of a bridge from Victoria to Canberra (and Blaxland). Junked were all pretences toward pump-priming, including the heavy reliance on debt to fund state government activities.

From late last year, the Cain government was without friends in the federal government.

The factional figures from that state who play senior roles in the Hawke cabinet, such as the Left’s Gerry Hand and the Right’s Robert Ray, were disillusioned with Cain’s growing political erraticism. This compounded Keating’s disdain for Victoria - and encouraged him to keep his distance. But with Cain’s departure and Kirner’s move towards ‘rational economics’, the circle is broken and a new period begins.

In this nascent era, Keating is expected by the Victorian government to welcome the nation’s second-most populous state back in from the cold.

He is expected to start saying nice things about its economic management in background briefings to Canberra journalists, perhaps even to be more generous in federal funding arrangements. What’s in it for the Treasurer? A state government that sees things his way. And an economically-wrecked Victoria will not deliver many seats to the Labor Party - an important consideration for someone who wants to be Prime Minister. Now who could that be?

SHAUN CARNEY is a feature writer for The Age
A Convenient Marriage

The manner in which the Labor government bulldozed its proposals for the partial privatisation of the Commonwealth Bank (CBA) past the caucus and an insufficiently sceptical media has clouded proper debate over the capital funding of what has become Australia’s largest domestic bank.

The arrangement reached between the federal Labor government and its state counterpart precluded any examination of the financial position of the Commonwealth Bank. The shotgun marriage of the Commonwealth Bank and the State Bank of Victoria (SBV) was instigated by the Reserve Bank to prevent a run on Victoria’s largest deposit-taking institution as the extent of the State Bank’s losses became clear. These losses by SBV’s merchant bank subsidiary are now well known and exceed $2 billion.

Yet even by the middle of September, more than three weeks after the merger was announced and nearly three months since the Commonwealth Bank ruled off its books for the financial year to June 1990, no details have been published regarding the Commonwealth Bank’s results and balance sheets for the year.

Instead, the caucus and the media were fed a series of assertions that the Commonwealth Bank could not fund the $1.6 billion takeover of SBV without the injection of a matching amount of equity capital. The Treasurer’s office spread the word that the CBA would be in breach of Reserve Bank guidelines on capital adequacy without an equity injection and has more recently suggested the CBA’s credit rating would be at risk.

Without proper data it is hard to know for sure, but both of these assertions are almost certainly not true.

The Reserve Bank guidelines on capital adequacy form the core of the Reserve Bank’s supervision of Australia’s banking system. ‘Capital adequacy’ refers to the capital, or a bank’s own funds, that a bank must hold to support the assets (loans, credit guarantees, foreign exchange, money market contracts and so on) that a bank holds. A bank must provide capital funds equal to 8% of all assets on its books (whether on or off the balance sheet), adjusted for the risk attached to particular assets. This capital base, combined with other aspects of the Reserve Bank’s supervision of banks’ activities provides a measure of protection to depositors against loss, as the Reserve Bank is not a lender of last resort and does not guarantee bank deposits.

This capital base is divided into two components - ‘core’ capital, meaning pure equity investments and retained earnings (profits) and ‘supplementary’ capital which includes ‘quasi equity’ debt, provisions against doubtful debts and unrealised capital gains on property holdings. Banks are obliged to have at least half of its capital resources, or 4% of assets, in the form ‘core’ capital. Supplementary capital may not exceed core capital. The CBA’s 1989 accounts suggested the bank was heavily weighted towards core capital.

Although no actual 1990 data has been published, a briefing document prepared for the Commonwealth Bank Officers Association (CBOA) included ‘hypothetical’ and ‘illustrative’ data on the CBA’s accounts to June 1990. This data, revealed in the Australian Financial Review in early September, suggests the Commonwealth Bank’s core capital exceeded the 4% minimum by another 25%.

Although dependent on the assumptions of those who prepared them, these figures are believed to conform to those used by Treasury and quoted to the Labor caucus. Unfortunately for the Treasurer, analysis suggests the CBA patently does not require anything like $1.6 billion to fund the takeover of SBV.

Firstly, with a heavy weighting toward core capital, the CBA could raise new supplementary capital without diluting core capital below the 4% minimum. There are a number of avenues open to the CBA, like any bank, to do this. The easiest would have been to issue quasi equity debt capital. This procedure is adopted routinely by all banks, and only in the middle of September the State Bank of NSW announced its plan to raise $200 million in subordinated debt in the Australian market. The CBA would have no difficulty raising well over $1 billion in debt style instruments both on and offshore and has issued similar debt instruments in the past.

In fact, until the proposed private equity issue is completed some time before the middle of next year, the CBA may find it has to raise bridging funding in this fashion. In addition the CBA could have attempted to realise capital gains on its property portfolio. As well, the CBA is well advanced in plans to ‘securitise’ loans assets.

Whether the combination of these strategies would have provided all the funds required to buy SBV is uncertain in the absence of more detailed information. But it does suggest the CBA’s capital needs have been overstated. In fairness to the Treasurer’s position, it should be noted that the CBA has received no new capital injection since the government agreed to forego a dividend payment in the mid 80s. In contrast the major private banks were all able to raise significant new equity through rights issues and quasi equity issues offshore in the mid and late 80s.

However, the CBOA data suggests that the CBA’s capital needs may be in the region of several hundred million, not $1.6 billion. If this is the case, and the government believes it can raise $1.6 billion in a private equity issue (problematic, depending on the price of shares), then the Australian community has foregone the opportunity to retin in excess of $1 billion in public debt to secure a political kick on privatisation and fund the ambitions of CBA’s managers.

Of course, the electorate has also been deceived about the available political choice of the government funding the CBA’s capital needs on budget.

IAN ROGERS writes on banking and finance for the Australian Financial Review

ALR: OCTOBER 1990
There can be little doubt that the disparate alliance which forms the UNO government is united on a single issue - the dismantling of the FSLN power base and the destruction of the Nicaraguan revolution.

With the handover of power on 25 April came the realisation that UNO was totally unprepared to govern. In the five months since, the grand promises of national reconciliation and economic prosperity have degenerated into political and social conflict that has resulted in gun battles in the streets.

The UNO is divided into three discernible camps. The dominant faction is that of Violetta Chamorro and her son-in-law, Antonio Lacayo. The Chamorro group understands that post-election Nicaragua cannot be governed without making political agreements with the Sandinistas. The second faction consists of the political hardliners led by vice-president Virgilio Godoy. Godoy has called for Brigades of National Salvation to confront the organisational power of the FSLN. His agenda is openly reaction ary and confrontationist. The third faction is the COSEP big business association lobby, closely aligned with US business interests and calling for a return to free market economic policies and the abolition of state enterprise. While the Godoyists and COSEP enjoy little power in the Chamorro cabinet, they are extremely vocal and together represent a considerable threat to Chamorro’s power base.

While Chamorro keeps Humberto Ortega as head of the army (EPS), Sandino’s portrait on the new currency and urges Managua’s new mayor Aleman not to cut the gas to the perpetual flame on the tomb of Carlos Fonseca, her intention is clearly to govern a post-revolutionary Nicaragua on terms acceptable to Washington. The great irony of her position is that she may well come to rely on Humberto Ortega and the EPS to stave off challenges from the far Right. In such an environment the position of the army and the political skill of the FSLN are crucial elements in the maintenance of stability, and the prevention of civil war.

The FSLN had no contingency plan for possible defeat at the polls. This has meant that their tactics, indeed their very behaviour as an opposition party, has been determined by the moment, rather than by an agreed strategy for action. This was particularly visible during both the May and July strikes where the FNT/CNT union axis took the initiative and set the terms for settlement. On both occasions the Frente was slow to act and was caught between a defensive political position and the need to be seen to defend the living standards and jobs of the state workers.

Loss of power has also meant the loss of access to state-controlled media. News bulletins and media coverage of all social and political events now reflect the anti-Sandinista values shared by all of UNO. The years of FSLN power are routinely criticised as unstable and repressive, in contrast to the great promise of the new democratic order. UNO media strategists are deliberately trying to block the FSLN from access to the airwaves - partly to counter the pro-Frente orientation of two of the three daily newspapers - and partly to pay back the Sandinistas for their dominance over the past decade. The loss of regular access to television (several radio stations are either owned by or sympathetic to the Frente) has meant that the FSLN will have to look towards improved grass-roots communication to maintain support and extend its electoral base. There is no more war in the mountains and the fight is now essentially a political one that uses propaganda and party organisation.

For many electors in Nicaragua, the economy was the central issue in the February elections. Nearly a decade of war and economic embargo imposed by the Reagan administration left the mixed economy encouraged by the Sandinistas in danger of collapse. Two years ago Nicaraguans’ real wage levels had fallen to 6% of those in place at the start of the revolution. 1988 registered an inflation rate of 33,000%, one of the ten highest of any country recorded this century.

Nicaraguans knew that the economic situation was more likely to improve under a government with the backing of US capital and Washington. They did not necessarily equate an UNO government with massive unemployment and even more precarious living standards. However, the massive reductions in army personnel (from 90,000 down to 41,000) and the loss of thousands of state workers’ jobs has brought unemployment to unprecedented levels. State subsidies for water, electricity, telecommunications and transport have been removed or are under threat. The false rumours - that no one will have to pay taxes any more, that no one will have to pay electricity or water bills, that bank loans taken out under the Sandinistas will not have to be paid back - peddled deliberately before the elections, have become a black joke for those facing ruin and hunger. For some time now, particularly in Managua, there has been a sharp increase in theft and crimes of violence. As the discipline of the revolution is lost and as more people lose the security of employment, the potential for widespread social violence is becoming a new element of political instability.

The combination of job losses, cuts to state subsidies, inflation and attempts by UNO to return to the old Samozista labour code led to the strikes of May and July. Revolutionary unions in the
Frente Nacional de Trabajadores (FNT) have led the fight for job security, wages and the right to strike. The FSLN joined the unions only after the strikes were declared. In May the labour minister declared the state workers' strike illegal. The FNT promptly took the minister to the Supreme Court and won a declaration that the strike was legal. UNO tried to smash the July strike through use of threats, refusal to negotiate, and eventually EPS troops.

Reports that the government had brought some 3,000 Contras to the capital and armed them to oppose the strikers were nominally confirmed when Contras opened fire on the barricades defended by workers and Sandinistas. Six people were killed in the attacks, and over 100 injured or wounded. Reports in the immediate aftermath of the strike suggested that crisis negotiations between Daniel Ortega and Antonio Lacayo had probably narrowly averted civil war. Both sides claimed victory - with workers winning a 43% wage increase and a moratorium on some of the sackings.

While Daniel Ortega's personal popularity is an enormous asset to the FSLN, the Frente is undergoing severe trauma and confusion about the direction of the revolution. The simple reality is that they don't yet know how to act as an effective political opposition within the democratic framework they created as part of the revolutionary process. They have always been either on the offensive or in control. This is the first time in history that a revolutionary movement which came through armed struggle has peacefully left office after an election.

Lapses in the discipline and unity of the FSLN are an uncomfortable reality. Most Frente commandantes speak openly of the next five and a half years in opposition. Some, like Mauricio Valenzuela (ex Minister for Housing and Construction), are not yet reconciled with the February defeat. Valenzuela declared on 19 July that this would be the first and last anniversary that the Frente would celebrate in opposition. Others speak out about alleged abuses of power, nepotism and incompetence within the FSLN National Directorate, and call for sweeping changes and greater revolutionary accountability.

In June the FSLN Assembly announced the creation of an ethics commission to examine allegations of abuse and to set new standards of integrity. Everyone agrees that the full Congress of the FSLN, scheduled for February 1991, will provide the crucial test of the Frente's strength and unity. There is a real possibility that the movement will fragment as the 'old guard' revolutionaries struggle for control with those factions critical of the present leadership and with advocates of a more independent direction from the FSLN. There seems to be a growing realisation that a number of new and independent fronts are needed if the revolution is to develop and win back the confidence of the Nicaraguan electorate.

There is a vigorous struggle for leadership of AMLAE between Rosario Murillo (head of the Popular Cultural Council and married to Daniel Ortega), ex-police commissioner Doris Tijerino and commandante guerrillera Monica Baltodano. Depending on the outcome AMLAE will likely change its name and pursue a more independent direction from the FSLN. There seems to be a growing realisation that a number of new and independent fronts are needed if the revolution is to develop and again win popular support. The great challenge for the Frente Sandinista is to stay relevant to the new voices of the revolution and allow their growth to help the FSLN win back the confidence of the Nicaraguan electorate.
Powell’s own political aspirations lay dormant for two decades, mainly spent acquiring education, then taking it back to her hometown as a teacher where she married and began a family. During the teachers’ strikes of the 70s, Powell’s ire was roused by the lousy pay and inequality of her profession. “All teachers were severely underpaid, especially women. I knew men who had failed at university but were getting paid more.”

A trip to the United States with her teacher husband introduced them to life on the edge of a black ghetto and this further fuelled her desire to press for social change. “I felt what we had in Australia was much more egalitarian and worth fighting for.”

When she came home things moved quickly. It was 1975 - the time of the sacking of the Labor government - and soon, like many Australians, Powell was motivated into the political arena. In 1977 she became a founding member of the Australian Democrats, committed to a party that encouraged participative democracy. “As a mother with four small kids living in an isolated community it allowed me to have a say. I could have an input into policy without having to attend meetings in the city. That sort of setup was very attractive, and remains very attractive, especially for women.”

From 1977 she held party positions at branch, state and federal levels, including state president (first woman to hold this office) and deputy national president. She entered parliament in September 1986 to fill Don Chipp’s casual vacancy and was elected Senator for Victoria (six-year term) in July 1987. Between 1986 and 1990 she has been spokesperson on Primary Industry, Communications, Social Security, Administrative Services, Consumer Affairs, Community Services and Health.

Powell has made her mark in a few areas - she was the first woman to have a Private Member’s Bill passed, resulting in a tobacco advertising ban in Victoria. But her major focus has been women, and she is proud to claim the Democrats as the only Australian party to fairly represent the electorate - four of the party’s eight Senators are women.

The most encouraging sign for the Democrats was the March election result which increased their share of the vote from 12% to 16% overall, gained them one new Senate seat (two new Senators) and left seven seats within a few percentage points of victory. Powell is determined to grasp that advantage for the next federal election by winning another five Senate seats and a “handful of lower house seats”.

But she admits there’s a lot of work to do. The key issue for the Democrats is gaining credibility on economic policy. Powell is bitter at Labor and Liberal’s treatment of the Democrats’ economic policy before the election. “They costed it as if we were going to introduce all the changes in the first year”. Since then, a lot of work has been done to tighten up those costings in the “sustainable economic proposals”, which she claims will produce a potential $3 billion surplus by introducing a wealth tax and closing tax avoidance loopholes to hit the corporate sector and upper bracket income earners.

The Democrats want a national rail system, are opposed to wholesale privatisation and deregulation - “we’d treat it on a case-by-case basis”. Powell says the sale of 30% of the Commonwealth Bank as “absolutely the first step towards large-scale deregulation”.

She claims to be in fighting form for the next three years, “We’ve come of age. We’ve earned our stripes as a legitimate voice.”

Clare Curran.
herring, argues Gary Wickham.

The Hawke government, like its Thatcher counterpart in Britain, seems convinced that good government in the late 20th century necessarily involves privatisation. This simplistic formula hides many problems, both from its advocates and its opponents.

In essence, privatisation means governments selling off state-owned enterprises or expressing a keenness to do so and portraying all instances of enterprises or expressing a keenness to do so as an argument for privatisation, portraying all instances of enterprises or expressing a keenness to do so as ‘bad’ the proponents of privatisation mean ‘inefficient’ and ‘overly regulatory’.

These proponents fail to see that the criteria of efficiency and the criteria for assessing necessary levels of regulation have a habit of changing, depending on where and when they’re used. And quite reasonably so: for example, efficiency in motor car assembly and efficiency in dentistry can only be equated by ignoring the special conditions of each.

Advocates of privatisation have to face some basic facts of life in the late 20th century. Amazingly, their zeal seems to have kept them from the realisation that most people in most countries, but especially advanced Western countries, are much more concerned about things other than funding sources and ownership when considering services. Certainly people want the highest possible quality delivered at the lowest possible price for services like telephones, electricity, running water, health and transport, which are now as much basic needs as food and shelter.

But in expecting high quality, people take into account many things other than price; things like safety and health are essential, even if they mean a higher price. And in taking these things into account people recognise the need for careful, sensible regulation.

Whether an airline is government-owned or privately owned is never going to be as important to people as whether the planes have a tendency to drop out of the sky. Careful regulation is obviously necessary here. Similarly with water supply - a privatisation campaign of much controversy in Britain. Who cares whether water authorities are publicly or privately owned? People care much more about the quality of the water provided. Again, careful regulation is obviously necessary.

There is a far greater awareness in the wider community of the complexities involved in providing large-scale services for huge populations with even a semblance of equity than the advocates of privatisation, lulled into stupid oversimplification by the fantasy of their objectives, are willing to acknowledge.

Because of this, people are much more loyal to reasonable attempts at providing such services than advocates of privatisation would like. For example, surveys continually show large majority support in Britain for the National Health Service (as is the case in Australia with Medicare). The surveys do reveal a widespread recognition of the weaknesses of the system (long waiting lists, for example), but they also reveal a recognition that there is no feasible alternative.

The opponents of privatisation are usually as unaware of these basic facts of life as its advocates. While the above examples demonstrate many problems associated with arguments in favour of privatisation, we can also easily find examples which demonstrate problems associated with the maintenance of full public ownership of service-providing enterprises. Let’s briefly consider welfare and education.

Again in these cases people frame their expectations about quality and cost in line with other considerations, like those of compassion, fairness, the worth of skill, the cultural benefits of an education and other things to do with maintaining a ‘good’ quality of life.

While the welfare state and state-run education in Australia and Britain are reasonably popular and have much to recommend them, shouting the benefits of public ownership and funding does not alleviate the weaknesses they are widely seen to display. Pouring public money into them or strengthening public ownership arrangements will not, of themselves, solve problems like the lack of flexibility, bureaucratic insensitivity and the stifling of initiative.

As well, the opponents of privatisation delude themselves if they believe that there is a ‘natural’ majority of people in favour of public ownership and public funding. Very few people wake up each day comforted by the knowledge that Qantas or (most of) the Commonwealth Bank is safe in the hands of the government. Fortunately, most people are much more sceptical.

The various examples offered suggest that ‘good’ government is about debating what constitutes good services. It is not about simplistically equating good services with one side or the other of an argument about privatisation.

The truth is that debate about good services in most complex societies will very rarely reveal a compelling case either for or against privatisation. It is much more likely to reveal a good case for a mixture of public and private ownership and funding coupled with some careful regulation. Privatisation is a giant red herring.

Ensuring good services and ensuring wide debate about what constitutes good services were not easy tasks in Roman times. They are much more difficult now when the populations being managed are infinitely larger.

Perhaps the Hawke and Thatcher governments believe that the ritualistic chanting of ‘privatisation’ will help spirit away the danger of them falling from office in the way the Roman civilisation fell. Unfortunately, it also spirits away their responsibilities as governments of complex, large-scale, modern, democratic countries.

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Australia’s intervention in the Gulf crisis was hasty and muddled. Sanctions don’t necessarily need force to back them up, argues Richard Leaver. And a new, more contemporary role for the UN is needed.

The best strategic advice to come out of Canberra about the Gulf Crisis came too late and was sent in the wrong direction. When it was clear that Iraqi forces were actively rounding up western hostages, Australian nationals in Kuwait were advised “to consider the advantages of maintaining a low profile”.

The acute dilemma which our nationals now confront individually is largely due to the fact that no one gave similar advice to Mr Hawke two weeks earlier.

Given our status as an important Iraqi trading partner, it is possible that a low profile coupled with quiet diplomacy through the initial stages of the Gulf crisis could have secured the release of those citizens who are now trapped in what looks like a war zone. In any case, a lower profile would have left us free to think more rationally - and with more information to hand - about how best to respond to the ‘problem of world order’ which the flagrant use of force by Iraq undoubtedly raises.

Even if we had subsequently decided to send ships, we could at least have entered the fray with clearer purpose - and perhaps with cleaner hands.

However, the passage of time suggests a number of good reasons why we might have thought twice before committing Australian ships to the multilateral force which now exists. First, the structure of that force confuses what is necessary to achieve two quite distinct tasks - the need to reassure the Gulf states in the face of an Iraqi military
threat, and the need to gain leverage through an economic embargo. The multilateral force currently in place goes much further than is necessary for either of these ends. The consequence is not only a dangerous escalation in offensive force levels, but also the crowding out of opportunities for diplomacy and political solutions.

The military threat which Iraq poses to the Gulf States comes mainly from large tank forces. But it is questionable whether Iraq has the air superiority necessary to put those tanks to use. The Iraqi air force performed badly in the Iranian war even when its adversary had trouble getting planes off the ground. The air-to-air capabilities of the existing air force of the Gulf States are already in an entirely different league and could be supplemented. The Saudi kingdom also needs the specific anti-tank capability which A-10s and heavy helicopters can give.

Stealth weapons, marines and carrier battle groups over-achieve this objective of reassurance in a manner which is dangerously offensive in the short run and, almost certainly, politically counterproductive in the long run.

None of the ‘boys’ own’ talk of ‘surgical strikes’ satisfactorily discusses the likely state of the Iraqi body politic on the day after surgery, or the damage - both physical and political - which surgery would conceivably inflict, possibly through an Iraqi scorched earth policy, upon the centre of gravity of the world’s oil industry.

Second, the necessity to enforce UN-mandated economic sanctions at the point of the gun - the specific task for which Australian ships have been committed, even if they will not initiate hostilities - has never been clearly explained. The fact that there are only three exit routes for significant quantities of Iraqi oil exports makes it superficially appealing to think of sanctions enforcement in terms of a military blockade.

But even if the sanctions net can be made perfectly watertight, Iraq has sufficient stocks of food to last at least several months. Time is not in itself an issue of great urgency.

It is wise to remember that sanctions do not need to be applied to ‘the producer end’ of a market in order to exert useful effects. The single most successful case of the manipulation of the oil market for political ends - the shut out of the Mossadegh regime - was achieved by denying Iran its traditional markets within the vertically-integrated oil market of the 1950s. The example is well worth further investigation.

Significantly higher levels of production will now be forthcoming from some OPEC states, and there are record levels of private and IEA stockpiles. It is technically possible to substitute these sources for Iraqi-Kuwaiti exports. Since Iraq’s international customers have vigorously condemned the invasion, we can presume that they will choose to avail themselves of such supplies as they become available. As with the Rhodesian sanctions, the UN would
establish a committee to monitor compliance with its mandated sanctions.

In this way, a boycott organised from the consumer end of the oil market could be just about as economically efficient as sanctions backed by force in the Gulf.

Without military enforcement, Iraq would undoubtedly try to ‘laundry’ its oil at a heavy discount, and it would probably have some success. Some ‘sanctions leakage’ would not be an unambiguous bad thing. It would keep the spot market flush with oil, so building a ceiling over price rises that are already assuming ominous proportions. It would open the way to effectively linking the degree of ‘tightness’ in the sanctions net to multilateral diplomatic efforts to effect an Iraqi withdrawal.

In these senses, ‘leakages’ in a sanctions net are not necessarily a fatal defect that must be plugged at all costs - especially when these costs entail dangerous military escalation. Such flaws can create diplomatic openings - the sorts of openings which are sorely needed in this crisis. Present efforts to impose ‘watertight sanctions’ foreclose such openings, while compounding the sources of military instability in the Gulf.

Third, the government’s attempt to sell their decision ‘to be seen to be there’ in terms of a rejuvenation of the UN is an ill-conceived and cheap ploy which diverts attention from actions that might better serve this worthy end.

From what we already know of the decision-making processes on the Gulf crisis, the Hawke government clearly revealed a preference for ‘good American citizenship’ over ‘good international citizenship’ which it has verbally espoused through recent years. Among other things, this preference seriously undercuts the always fragile domestic legitimacy which successive defence ministers have been trying to piece together around the theme of ‘the defence of Australia’. If we were, for instance, at the beginning rather than the end of the ANZAC frigate debate, it would today probably look like a rerun of the carrier debate of the early 1980s. And since that preference comes on top of an already exposed position over the Johnson Atoll issue, we can rest assured that our citizenship credentials will be carefully analysed around the Pacific and South East Asia.

It is naive to see the manner in which this crisis has been managed as signalling some sort of rebirth for the United Nations to which we must ‘bear witness’. The breaking of the usual deadlock which binds the Security Council to inaction is new, but there are good reasons for doubting whether the key that has opened that lock will prove durable and robust in the future crises. It may not even survive the full course of this crisis. That will largely depend on how the US actually uses its forces currently in the Gulf. The fact that none of the Security Council resolutions explicitly mentions the use of force, and that the USSR subsequently announced it would not be contributing to the multilateral force, suggests that the veil of UN legitimacy is paper thin. But it is necessary to be fully aware of the specific conditions which have provided the key to the deadlock. It is highly likely that promises of side-payments - possibly economic aid - were made to secure this minimal Soviet acquiescence. If side-payments from one economically moribund superpower to another are to provide the foundation for a new world order, it would not seem to have many of the characteristics of stability that are desirable.

A more effective and central role for the United Nations in a post Cold War world is a laudable aim. That objective, however, will not be realised through the sort of heavy unilateralism thinly veiled as multilateralism that was precisely one of the primary characteristics of the Cold War. One can be forgiven for thinking that the management of this crisis looks more like a victory celebration over the race to ‘the end of history’ than a serious effort to build more effective international institutions.

It is also clear that an improved UN will not be realised so long as it remains wedded to principles of international law that are built on lessons handed down from the Munich era. The principle that the use of force is not an acceptable way to redraw state boundaries is important, but it is only the beginning of legal order appropriate to a post Cold War world.

When this principle is used to defend ‘the divine right of kings’, it immediately becomes apparent that any adequate conception of social justice is sadly lacking in current international law. If the UN is to have a useful role to play in the brave new world - where a major issue is likely to be the redrawing of state borders through much of the Soviet Union and Eastern Bloc - then an equally important place will have to be found for notions of citizenship.

An important part of the heritage of the Labor government is built on memories of a better international legal order. In the years before the Cold War became the governing principle of international politics, Evatt made a distinguished effort to redress inequalities of power within the UN and broaden the legitimacy of its rule of law. If the international system is indeed beginning to escape from the jaws of the superpower vise, then Canberra should be giving serious thought about how this lapsed agenda could be reactivated.

Finally, some breathing space might have saved the government from digging in behind highly questionable
general arguments which are potentially damaging to future Australian regional interests. In recent years our defence ministers have been talking of the more complex—and allegedly more dangerous—world which lies at the end of the Cold War. This reminds me of the words with which Neville Meaney concluded his documentary study of Australian foreign policy published several years ago: "Australians have allowed sentiment to dictate the lessons from experience. The result has been that, lacking a proper perspective, they have often pursued a crude 'realism'...which in its one dimensional single-mindedness has often threatened to bring on the very events that it professes to avert."

The invasion of Kuwait now provides the first semi-plausible evidence for this romantic hypothesis about the stability which went with the Cold War, and about the dangers which are said to lie ahead. The quarantining of defence spending in the recent federal budget, and its subsequent supplementation, are evidence that this hypothesis has already been taken on board as fact.

But if that is so, then perhaps the believers in these facts would care to explain how Saddam managed to unleash a murderous war on Iran during one of the high points of the Cold War. Where was the restraining influence of superpower rule on that occasion? A fair answer to that anomaly might then lead them to think twice before deciding that the ability to wage war is the single best guarantor of peace in our corner of the globe.

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Credibility

GULF

Saddam Hussein is posing as the champion of a resurgent Arab nationalism. Michael Humphrey isn’t convinced.

When Lawrence of Arabia led the Arab revolt against the Ottoman Turks in 1916, Arab nationalism was put in the service of Western imperialist goals in the Middle East. When Saddam Hussein invaded Iran in 1980 in pursuit of secular Arab nationalism, the West was willingly persuaded that Iraq’s war aims were compatible with theirs. They permitted themselves to believe Saddam was acting as their client, protecting the conservative, oil-rich Gulf states. From this Western clientist perspective, Saddam has bitten the hand that fed him by invading Kuwait. What he has done is to declare that he was acting in his own interests all along.

Saddam Hussein has sought to justify his occupation and annexation of Kuwait on the grounds of historic territorial rights and the unification of the Arab nation. At a strategic level these claims are pragmatic and designed to undermine the Arab governments opposing Iraq’s annexation of Kuwait—especially Egypt and Syria—by promoting popular dissent against them. Saddam’s post-hoc appeal to Arab nationalism seeks to rekindle populist support for the Arab cause to regain dignity, autonomy and control over their own destinies.

The populist nature of pan-Arabism has been the creation of the state of Israel in the Arab world at the expense of the Palestinians. The other main issue has been control over resources, especially oil. At the hightide of support for pan-Arabism under Nasser from 1956 to 1967 the grand anti-imperialist causes were the ‘liberation of Palestine’ and control over the Suez canal.

In inter-Arab state politics one’s pan-Arab credentials and aspirations for leadership of the Arab world have been measured by one’s words and actions towards Israel and the Palestinian cause. Successive Iraqi regimes have certainly championed the Arab cause against Israel by supporting the PLO, sending troops into Syria during 1973
Yom Kippur war with Israel, developing hi-tech weapons which could threaten Israeli territory, and holding the radical confrontationist line on peace negotiations with Israel. Yet its geographical position removed from the frontline with Israel has meant that Iraq could never assume leadership of Arab causes as Egypt had done under Nasser. Thus, despite Saddam’s strong anti-Israeli rhetoric his pan-Arab politics have been practically directed towards maximising returns from oil. Since 1980 when Iraq invaded Iran the locus of Saddam’s pan-Arab interests and ambitions has been the Gulf, an area which contains some 40% of the world’s known oil resources.

In Iraq pan-Arabism has always been a populist ideology with variable political content. It has been inherited by each generation and championed by conservative and radical politics alike. It was claimed as the basis of legitimacy for the Hashemite monarchy imposed by the British after 1920 just as it was the justification of the Free Officers who overthrew the monarchy in the army’s July 14 Revolution (1958). Even the Iraqi Communist Party found it had to Arabise its program in the 1950s. For the Iraqi Ba’ath Party, which describes itself as Arab socialist, Arab nationalism has always been its icon of legitimacy. Ba’athist ideology spiritualises the idea of unity as the source of renewal of Arab power and the defeat of imperialism in the region.

There has always been an inherent tension in Arab nationalist politics over the nature of political objectives. Success by pan-Arab parties and leaders in achieving state power places demands on them to subordinate local national interests to pan-Arab ones. The same tension exists in Islamic parties that achieve state power as the coming to power of the Islamic Republican Party in Iran has shown.

Since the July 14 Revolution in Iraq, pan-Arab parties have experienced this tension as one between national integration and development and aspirations for leadership in the Arab world. The strategy for national development followed a common pattern of military regimes that have emerged in peasant-based societies. Successive regimes championed socialism, which they equated with land reform, and the nationalisation of oil. Policies for national integration were formulated in terms of pan-Arab ideology - they spoke of ‘Arab socialism’ - aimed at gaining control over resources and deposing traditional political elites formerly associated with the monarchy and the British.

National integration was further complicated by the culturally heterogeneous character of Iraqi society. A majority are Shi’a Arabs (55%) while Sunni Arabs (25%) and Kurds (20%) form minority populations. Historically these were located in the rural north and south of the country respectively with the Sunni concentrated mainly in the centre and in the cities. Forging a national cultural identity confronted the reality that any proposal for union with Syria would make the Iraqi Shi’a majority a minority. Moreover, the level of radical mobilisation of the Shi’a and their recruitment into the Iraqi Communist Party made them very wary of submitting to any planned union with Arab states dominated by Arab nationalist parties and leaders.

In Iraqi politics the tensions between programs for national integration and pan-Arabism have split parties, precipitated military coups and led to purges of the ruling elite. These crises have always divided along the lines of loyalty to the state versus loyalty to pan-Arab projects. The most dramatic have been those occasions in 1958 and 1978 when union with Syria was on the agenda, i.e. when the Iraqi Ba’ath Party had a practical opportunity to realise some of its declared aims. These struggles assumed the form of competition between Ba’athists and Nasserists for pre-eminence in the pan-Arab movement, rivalry between the regional Ba’ath parties of Syria and Iraq, and competition between Arab socialists and communists.

The ferocity and vehemently ideological character of these struggles betray the narrowness of the social base of elite politics. Regimes were made and unmade by military coup d’etat and not through popular democratic movements. Politics was the struggle for control over key institutions of party, administration and military and the repression of any broadly based political movement. This, for observers of Iraqi politics, changes of personnel in the officer corps and the Revolutionary Command Council have been the barometers of change in Ba’athist Iraq.

The Ba’ath has been especially narrow in its social base because of its highly centralised system of recruitment and graded party cadres. In fact, the networks of the Ba’ath elite have been extremely localised based on Sunni families and clans from the Pakrit region. While these close ties proved invaluable in the factional politics of military and party struggles they presented problems for the establishment of national control. From 1968 when the Ba’ath established themselves in power, the Ba’ath sought to consolidate a one-party state organised down to the street level and to repress any popularly based political movements, especially the communists and the Kurds.
The opportunity for the Ba'athists to consolidate their hold over the state came with the oil price rises in 1973 which greatly increased incomes from the nationalised oil industry. Politically they set about extending their control by the formation of mass organisations of youth, women, peasants and workers. Until then they had had to pursue a policy which alternated between repression of and cooperation with its political opponents. The need of the Ba'athists to assert their radicalism while ruthlessly repressing the Iraqi Communist Party reflected the strength of the democratic movement mobilised by the communists and the centralised and narrow base of the Ba'ath party.

Ba'athist political rhetoric remained radical and socialist but their program for national development saw the economy become more capitalist and its political alliances more conservative. Oil wealth did not lead to the diversification of the economy through industrialisation and improved standards of living for the workforce. In fact, during the 1970s the wages of ordinary workers fell in real terms. Agricultural incomes declined, falling to less than 6% of GDP by the late 70s when they had been 23% of GDP in the early 60s. The decline of agriculture and the demand for labour in the cities created by government expenditure in investment and consumption saw a massive rural-urban migration. More than a million Egyptian workers were imported to work in agriculture in the name of Arab nationalism. Permanent relocation and settlement of entire Egyptian villages took place in the cause of Arab solidarity. In fact, the impact of these workers was to maintain low wages in agriculture.

The model of national development embraced by the Ba'ath Party focused on big, impressive projects such as dam building, land reclamation, the development of nuclear energy and the purchase of hi-tech weaponry. A system of contracting based on political patronage from the Ba'ath Party saw the emergence of a new Iraqi bourgeoisie who undertook contracts themselves (funded by the state) or acted as intermediaries for multinational companies. The result was that Ba'athist 'socialist' development perpetuated the dependence on technological imports and multinational companies - many were turnkey projects - as well as the militarisation of the economy and reliance on crude oil exports to fund national development.

When Saddam Hussein invaded Iran in 1980 in defence of Arab secular nationalism he was indicating clearly the role he saw for Iraq in the Gulf. Iraq, driven along by a development strategy which depended heavily on crude oil exports and resulted in the militarisation of the economy, was seeking to establish itself as the protector of the Gulf oil states. Oil incomes and military power would make up for the failures of national economic development and nationalism. Through military victory he would make them, willingly or not, dependent on Iraq and thereby further enhance his control over the price of oil in OPEC. As it turned out, a military stalemate and the survival of Saddam's leadership was sufficient. Iraq received more than $30 billion from Saudi Arabia and Kuwait to sustain the war effort which Iraq had become increasingly reluctant to pay back.

The invasion of Iran served Saddam's pan-Arab and national aims and, happily for him, coincided with Western interests in the Gulf of seeing the defeat of the Islamic regime in Iran. By seeking to militarily defeat the Islamic regime in Iran, Saddam sought to undermine growing radicalisation of his own Shi'a majority and to emerge as the undisputed power in the Gulf. During the later stages of the war it became almost conceivable that Iraq might fill the shoes of US client state that had been vacated by the Shah of Iran. Certainly, the US expressed the view that the defeat of Iraq would be a major threat to US interests in the Gulf.

Saddam's appeal to Arab nationalism may appear contradictory since he has attacked a state he was previously claiming to defend. However, his aims are consistent with those he pursued in the war with Iran. He wants to achieve hegemony in the Gulf in order to maximise access to oil and control over the price of oil, in part because his path of dependent development has led him there. While before he sought to achieve this by imposing military dependence on the Gulf states, he now seeks to achieve it through direct military control. But, as the scope of his pan-Arab utterances on Israel, the holy cities of Mecca and Medina, and the avarice of the royal households demonstrate, the varied symbols and causes can stir memories in many parts of the Arab world for different reasons.

Saddam has challenged the complacency of the US in the post-Cold War era, and turned the idea of arms reduction on its head. If the US wants a world policeman in the 90s, we will probably witness an expansion of conventional military forces. Superpowers can no longer rely on imagined clients to behave themselves anywhere.

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PRIVATE
Thoughts

The partial sale of the Commonwealth Bank and the airlines is now assured. The Chifley legacy has faded from view. But should privatisation be the key issue for the Left? And what is the best role for the public assets at stake? We assembled a round-table discussion to look beyond the privatisation battlelines.

Peter Botsman is director of the Evatt Research Centre. Kerry Schott is an economist for Bankers Trust, and is a director of Australian Airlines. Tony Aspromourgos teaches economics at Sydney University. The discussion was chaired by David Burchell.

It's obvious now that a number of government business enterprises are going to be partly or wholly sold as a result of the events of the last few weeks. This is clearly a significant defeat for the opponents of privatisation. It is also clear that this fairly dramatic turn of events is the result of a political victory by Paul Keating rather than a victory by virtue of economic argument. However it does seem that these events have had the effect of breaking the impasse which the privatisation debate had created. There is no doubt that there has been a defeat for one side in the debate. Yet in an odd way it seems that defeat may have opened questions that weren't being asked and issues that weren't being raised as a result of that impasse. The most obvious of these is Brian Howe's recent proposal that the proceeds of assets sales be invested in infrastructure. This seemed an attempt to reorientate the debate away from the defence of the actual public sector to the most efficient and useful ways of allocating the government's portfolio of assets as a whole.

Peter: It remains to be seen whether the Labor movement can make something positive out of this, or whether we're going to be dealing with a series of negatives in terms of economics and traditional policy. To talk about the positive side for a moment; since 1988 the Labor Party has developed a debate that is unique in Australian public policy and politics. Not only has it invigorated the government public policy debate, it has even invigorated academic research.

Over the last few years the public finance field has been moribund, and that's one reason why the debate over privatisation has been so one-sided. If something positive comes out of this, it will be a revitalised theory of public enterprises, and a new perspective on public infrastructure. However, we would be taking a very big punt to think that Brian Howe's proposals about what would happen
after the privatisation of Australian Airlines, Qantas and the opening up of telecommunications competition will carry the day. There is still great opposition to public borrowing in Treasury and the Department of Finance, and we’ve got a long way to go before that agenda shifts.

Kerry: Any sale of the public sector assets is going to have some benefit. Say the money is used to pay off more debt. The interest savings achieved through that could be $500 million a year, and that puts less pressure on cuts in other areas of the public sector budget. So it’s hard to see it as all negative.

Even if public sector assets aren’t sold, the debate has had the effect of putting a lot of pressure on public sector enterprises to perform efficiently. People in those enterprises are now much more aware of performance measures and the like.

Tony: The thinking Right in the Labor Party sees the role of government providing a welfare safety net - so there is no systematic role for public enterprise, apart perhaps from areas in market failure. The view of the thinking Labor Left is that the role of government is to provide a safety net, plus a belief that public enterprise can also play a strategic economic and industrial role. On that view it’s fairly obvious that the Right would opt to get out of areas where there is no real social function to perform. It is plausible to argue that anything that the Commonwealth Bank is doing as a government bank could be done by way of regulation without any public ownership at all, and similarly with Australian Airlines and maybe with Qantas.

On the other hand, the view of the thinking Labor Left is that our stock of public assets is the result of historical circumstances that have changed. So even if you accept the current level of asset ownership by the government it is plausible that if you sell some at appropriate prices you can use the proceeds to better pursue strategic industrial and economic objectives such as those suggested by Peter Baldwin in *ALR* recently. I don’t think this latter viewpoint is privatisation at all. The identification of privatisation with assets sales pure and simple is far too crude, because any enterprise, government or private sector, must be continuously reshuffling its assets to target its objectives adequately. The only sensible definition of privatisation is a reduction in the net worth of the sector. So, as long as you’ve done it sensibly, assets sales aren’t necessarily a curse.

There’s another question: whether it is more appropriate to retire debt or to invest in other assets. A further question is: if you sell essentially commercial assets, do you invest in other commercial assets or non-commercial assets, like public infrastructure that isn’t self financing. I have concern on both these counts. I don’t believe that, given the current position of the federal government, there is any imperative to retire debt. Given the sorts of Commonwealth government surpluses we’ve seen, and the level of outstanding Commonwealth liabilities, I would prefer to...
Many of these labyrinthine cross subsidies are part of a history of pork-barrelling

Tony: With regard to Kerry’s comments, one of the problems we have is the shifting boundaries between commercial and non-commercial assets. There are some areas where investment is clearly required, which aren’t strictly speaking commercial operations within the public sector but which should be. Rail freight is one of them. We should be moving, like they are in NSW, to the commercialisation of rail freight. There’s no rationale to do otherwise. With regard to Peter’s comments, there is a big difference between the arguments that are now surfacing about Australian Airlines, Qantas and the Commonwealth Bank, and those which apply to Telecom. In the former cases, which are essentially commercial enterprises, I’d be surprised if anyone would argue that the efficiency of those assets will significantly improve if they are sold to the private sector. The argument is essentially about whether under the current circumstances it is worth the public sector’s while to own these assets given alternative possibilities. Telecom is primarily an argument about competition and technical efficiency and allocative efficiency in terms of pricing structures. There are two very different sets of issues.

Peter: But I still think there is a link in that the debate has focused on the efficiency of public sector trading enterprises. They’ve made great strides at Australian Airlines, for instance. In 1983 they got their first capital injection in decades, and the management has improved out of sight...

Kerry: It was also corporatised and that’s helped improve management.

Peter: The labour movement has moved very reluctantly from a position where they felt very suspicious about commercialisation and corporatisation. People now understand the issues. I’d like to see Australian Airlines and Qantas retained with a corporate board that had complete commercial freedom to borrow. I’d like to see Telecom run by a board with very little government involvement except for setting the corporate charter and the policy objectives. They wouldn’t get mucked about when there is a change of government, they wouldn’t go through the policy circuses we’ve seen in telecommunications. They would simply get about their business.

Kerry: But the problem with the airlines has been that equity has not been put in when it was needed. The government restricts the amount of money the airlines can borrow. But even if debt wasn’t restricted you’d still need an equity injection because there are times when you need to buy new aircraft and you just can’t finance them out of the cashflows with debt finance. I think the government is in a difficult situation; often it isn’t a very good shareholder for an airline, because it’s got other agendas. Rather than give Australian Airlines $300 or $400 million for new aeroplanes, it would prefer - quite rightly - to spend that money on other social objectives. In my view if it can’t behave like a normal shareholder it ought to get out.
There have been at least three very different sorts of arguments advanced in favour of the privatisation of the airlines and the banks. The first is the question of the debt retirement imperative. The second is the question of capital funding which Kerry just raised. And the third - which it may be unfair to lump with the others - is the alleged efficiency gains to be achieved by a transfer to private ownership per se.

Kerry: The third argument is rubbish. With a change of ownership there may be a little bit of efficiency gain, because things which have become sleepy come under scrutiny and changes are made. But in most cases it’s not the change of ownership which causes efficiency; economic studies indicate it’s competition which causes efficiency. If you haven’t got competition you’re not going to get efficiency, regardless of who owns the enterprise.

Peter: That’s why the federal Opposition’s position on these questions is so weak. If you listen to someone like Neil Brown speaking on telecommunications, he assumes still all the early Thatcherist rhetoric which says that you get great efficiency gains simply by shifting from public to private ownership.

Tony: On your first point, David, I don’t think there is an imperative to debt retirement. In fact the strange situation that the government finds itself in is largely an unintended consequence of its concern with the overall savings and investment balance, and how that might influence the current account. As it turns out, with the sort of surpluses we’re running now, and the level of outstanding Commonwealth debts, the government could find itself of having no outstanding Commonwealth debts left to retire in as little as five years.

In terms of savings and investment balance, the essence of the matter is this. If an economy invests more than it saves, it can only do so by drawing in imports from the rest of the world. This suggests that to correct a trade deficit requires a correction of the imbalance between savings and investment. The government looks at the problem like this. Private saving is buggered and there’s not much they can do about it. Private investment, on the other hand, has been surging in the last couple of years and might actually help our longer term problems. They don’t want to restrict that unduly. So the federal government has been moving into increased net saving - that is, running big surpluses - to try to make space for private investment without having the current account deteriorate too much. That’s the real imperative.

What does this mean for public enterprises? As long as the capital requirements of public enterprise can be entirely met from borrowings I don’t think this creates any problems. For commercial self-financing public enterprises there is no reason for their borrowing requirements to be collapsed into the macro-economic indicator of the public sector borrowing requirement [PSBR] for general government. It’s simply a foolish accounting convention which lumps together the purely commercial requirements of public enterprises with the balances of the general government sector. Problems only arise for government fiscal balance if the gearing ratio of a commercial public enterprise is so affected by borrowings that it inhibits the competitive ability of that enterprise. Then you need a capital injection - not just borrowings - and that capital injection must draw away from the net saving being undertaken by the public sector. And unless government is prepared to do that you’re going to screw the enterprises, as Kerry said.

Peter: That’s true. But we know there’s no set gearing ratio that’s acceptable even in the private sector, so it comes down to simply being able to service your debt.

Kerry: But there are several problems here for the public enterprise. It may want to buy some new aeroplanes, for instance. It knows it’s going to make money out of them but it has to put money on the table up front, and its shareholder won’t give it money up front. Furthermore its shareholder - for reasons that completely escape me - won’t even let it exercise the lines of credit it has. So the enterprise gets stymied all round. A commercial board won’t go out and borrow money if there’s no way to repay it because it is then in contravention of the law.

Tony: Like Peter, I’m somewhat sceptical of the significance of gearing ratios for public enterprise. The least one can say is that a relatively greater reliance on debt does introduce a financial inflexibility to public enterprise compared to its competitors. Thus there are real problems. How serious
they are must be determined case by case. Some managements of public enterprises may actually want to be privatised and will make the problem look worse than it is. But I think we have to accept that the owners do have a responsibility to provide equity for capital expansion. If the owners are not prepared to do so, the competitive position of the enterprise may be fatally compromised.

Peter: But if they can't run these companies properly by giving them the appropriate equity injections when they're needed, how will they go managing other commercial enterprises? Peter Baldwin was arguing in his ALR article for taking money from Australian Airlines and putting it into the AIDC. I can't see the higher purpose in taking money from Australian Airlines, which has great significance for our tourism and service industries - a highly fragile and tenuous international and domestic transport arena - and putting it into the AIDC, which has acted like any other commercial company. It hasn't made strategic investments in manufacturing as far as I can see; it's made a series of very safe investments.

Kerry: The matter Baldwin was raising - quite rightly I think - was that the government should be putting its money into things that the private sector won't do. So, for instance, the airlines are going to continue on their merry way whoever owns them. But the AIDC, if it were really to generate extra venture capital and encourage high tech industries and the like, would be doing things that no-one in the market would otherwise do, and hence should certainly be given some government money. The Commonwealth Bank has some community service operations, unlike the airlines, because it does an enormous amount of transactions for social security beneficiaries; it has a lot of very low income accounts which are very expensive to run. If the Commonwealth Bank were to change hands, the government ought to pay some bank to do that job. This raises the question of what do these enterprises do that a private sector company wouldn't do in the same situation.

That raises another interesting question. Given that some public sector enterprises do have a certain social equity role, must this social role be maintained through public ownership? Is that a sufficient argument for public ownership of such enterprises? Are there other ways of protecting community service obligations - for instance, by regulation?

Peter: The answer must be that there are a multitude of ways of meeting those community service obligations [CSOs] - not only through outside public ownership, but also through different management and regulatory techniques. Here I'm thinking about STD phone calls. We could use an array of techniques to get the cost of STD phone calls down, which would retain Telecom in public ownership but also involve competitive pressures on Telecom in those areas. We could, for instance, take away CSOs from Telecom and take them instead out of federal tax concessions and budgetary outlays to people in remote areas. It really is a question of figuring out the optimal methods of providing social goals - ones that are economically and politically viable. I can see the benefits of using an enterprise like Telecom to deliver CSOs but also accept that there is now a greater need for regulatory pressure on something like the Sydney-to-Melbourne telecommunications route. We have to be more creative in all those areas.

Kerry: If you're a member of the Labor Party, it is absolutely clear that CSOs have to be met. The argument is how best to meet them. In the case of Telecom delivering telephone services to remote areas are largely met by charging the hell out of people phoning between Sydney and Melbourne. That may not be the most sensible way to cover their cost of the CSOs. It might be better to tax everybody in the country a few bucks and drop the cost of calls between Sydney and Melbourne.

Tony: If community service obligations are strictly reducible to money terms, there's no real reason why public ownership is necessary to maintain them - presumably a government can always pay for them as a transfer from general revenue. As Kerry said, there may be better ways of providing them. For those cross subsidies which are purely pecuniary, I would prefer, as a political democrat, to see transparency introduced, because I think taxpayers have a right as users of government services to know whose paying for what. Even the most starry-eyed supporter of the role of the Australian public sector would have to allow that many of these labyrinthine cross subsidies have in fact been part of a history of pork-barrelling. If they were made transparent, we would discover in some cases that there is no social justice justification for them that would appeal to anyone in the labour movement.

Kerry: One of the major CSOs that the Commonwealth Bank and state banks provide is an agency service in times of natural disaster like earthquakes and floods. If the government wants to distribute money or some other assistance it has a natural distribution network that can be used quickly. Such costs are carried on their books, and they aren't easy to quantify.

Peter: Telecom has tried to come up with accounting techniques that really show the costs of their cross-subsidies. The big problem is that, particularly given competition, Telecom is never going to tell you how much it actually costs them to put a phone call from Sydney to Melbourne. It might be better to tax the hell out of people phoning between Sydney and Melbourne for commercial reasons. The government's role with Telecom should be to place pressure on the regulatory body and to impose some acceptable amount of transparency about the CSOs that they're supposed to deliver.

Tony: I don't think I agree. If you're going to open Telecom to any kind of systematic competition, then the doctrine of the level playing field requires you to impose the same CSOs on all of them or on none of them.

Kerry: Or else Telecom is paid for providing them. You mustn't allow cream-skimming; you mustn't allow a competitor in on an unlevel footing.

A lot of the Telecom debate has revolved around the question of whether Telecom is a good enough performer to be left relatively intact. Yet many of the assessments that have been made of Telecom are extremely subjective.
The British, American and New Zealand experiences have been used by people of all persuasions to prove quite contrary things. How do we measure the efficiency of an enterprise like Telecom?

Peter: The recent OECD report has argued that Telecom is a pretty good performer by OECD standards. That confounds a lot of the nonsense that is being peddled by Henry Ergas and others about the comparative cost of phone calls. The OECD report has its biases, but at least you can see exactly where their information comes from. In much of the Australian debate we haven’t been able to see that. We have people arguing that Telecom is the greatest thing since sliced bread and we have other people saying we’re one of the worst performers. As a result it’s very difficult to make head or tail of the real issues.

I think Telecom does pretty well, though that’s not to say that it is a perfect enterprise or that it can’t improve. In customer service it has been very poor. After all, like a lot of public enterprises Telecom started off with a purely engineering function. It was like Chifley’s goal of getting a light in every farmhouse - to get a phone in every house. As a result Telecom’s been very slow on the consumer side: on service standards, on performance reporting and so on. Constant pressure needs to be applied. They haven’t come out of this debate very well because they aren’t very good at doing these things. Customer performance is just one dimension of their whole corporate performance, but their customer relations record has a way of slanting the whole debate.

Kerry: Everyone has their favourite Telecom story about five people turning up to fix a phone one day who only work outside the door, while tomorrow another five turn up who only work inside. Whether or not Telecom fares well in international comparisons is not the main issue. The main point is to make Telecom more efficient. That’s a separate issue, it seems to me, from who owns it. Over recent years, Telecom has had to face more competition at its edges, and it’s around those edges that it has greatly improved its performance. The debate should really be about how much more competition it should face rather than about the ownership issue.

Another question is: what is the appropriate form of competition? A large part of the controversy has been about the integrity or otherwise of the basic network.

Peter: The problem here is: what is the basic network? It’s changing rapidly.

Kerry: Technology is changing so quickly I’m frightened that we could get the whole thing very wrong indeed. There’s a good case for sitting still and letting competition nibble around the edges, apart from fixing up Aussat’s obvious problems. We might benefit from seeing what happens technologically over the next two or three years.

Peter: The change in satellites alone is bewildering. Satellites have been launched in America that will provide a worldwide mobile telephone service. We don’t know whether fibre optics or satellites is the way to go; there’s micro-wave technology; there’s a whole range of different options that could fundamentally change the face of telecommunications technology. It could be that cable networks become obsolete overnight.

One thing against standing still is that we’ve got to situate ourselves to take the opportunities these changes offer. The bigger your markets, the more powerful your competitive position. So Telecom’s corporate line of building a globally strong telecommunications company is a pretty valid one. The question is what form will it take. In that sense standing still might not be the formula.

Kerry: I’m a bit sceptical about ‘big is beautiful’ as a basis for any business. I think businesses grow because they’re run well. In Australia we’ve had to cope with enormous distances and we’ve done that with great skill. As a result we’re very strong on optical fibre technology, among other things. And industry size hasn’t been the major factor there.

Tony: I’m quite equivocal on Telecom. I think it’s a very complex question and the tendency of economists to explain every industry by the same model just doesn’t work too well here. But it does point to a particular problem. It seems to me that many of the regimes we’ve had for commercial public enterprise have really not been very good. But public enterprises with bad institutional and incentive structures undoubtedly work worst in the most
technologically dynamic areas. Where public enterprises work with technology that is essentially stable or changing very slowly, the problems of bureaucratisation are least acute. But that's not the case in telecommunications. I think part of the reason why a lot of us are scratching our heads about telecommunications is because Telecom is on the edge of a technologically dynamic industry. And it seems there's a problem with its management. And we can't trust them to tell us what they should be doing.

Kerry: That goes back to the problems of the belief in 'big is beautiful' in a world where the telecommunications industry is dominated by companies like AT&T, and Cable and Wireless and the Bell companies in America - all of which could swamp Australia's GDP in their output. We're not in that league.

Peter: We can accept or reject the 'big is beautiful' argument, and accept or reject the merging of OTC and Telecom. But we all have to accept that you can't leave it to OTC and Telecom to develop the processes which are going to push us to the technological frontier. That will require appropriate joint ventures with a range of private sector companies, and we have to accept that they are the ones that will do the pushing. What are the best ways to do that? The industry development arrangements in telecommunications, which have tended to favour Ericsson, are due to be phased out in 1993. Should we be abolishing those industry development arrangements and moving to a market-based solution? If you accept Henry Ergas' arguments, those industry development arrangements mean that we're paying some 40% more for our components through those protected industries. If you accept the Left's arguments, on the other hand, those arrangements are putting us in a position to have our own indigenous manufacturing capacity in telecommunications and to have dynamic private companies on the edges of Telecom developing out of that. It seems to me that we've got to be much more creative with those kinds of interventionist arrangements and we have to be much more encouraging of innovation among the private suppliers of the public companies.

Kerry: We've got to concentrate on what we're good at. I think we could be world leaders in optical fibre cables, with an appropriate joint venture partner. In the area of equipment supply, however, we probably never will be, because we won't get the economies of scale. Australians are quite good at service-related things, but historically we haven't been good at equipment making. We're good at things where our big distances and relatively small population are actually working to our advantage rather than against us and that could be a big bonus for the communications industry.

One final question. There have been several suggestions to get around the perceived problem of capital funding of public enterprises. The two most prominent have been quasi-equity funding - which was very popular a few months ago - and the use of superannuation funds as capital injections for public enterprises. First, what about the super option?

Kerry: People who pay superannuation to invest for their old age ought to have that money put where it's going to yield the largest return. You might put some of that money into venture capital, and you might put a small part of it into infrastructure investments which are going to assist the nation. But what you absolutely mustn't do is put workers' money into industries that aren't going to earn a reasonable rate of return for their retirement income.

Peter: Workers who take up superannuation funds usually are given an option. They can go for the riskier investments and hope for a better return or they can go for blue-chip investments. It seems to me that there is a lot of room, particularly for employees in particular public enterprises, to build a superannuation base for investments that help those public enterprise companies. If workers could opt to have their superannuation funds invested in the company they work for with a particular return guaranteed by government, I think that might solve some of their equity problems.

Kerry: But that's just like the workers lending the company money. And if the company goes broke, the government's got to keep paying that guaranteed rate of return.

Getting back to Kerry's point, the Victorian experience suggests that people have expectations of the security of government investments which they don't have of the private sector. Taking risks with superannuation funds could be political dynamite in that sense.

Tony: I don't have a fixed view on the superannuation option, but it seems to me that governments have to avoid funny money stuff: there's got to be transparency in the use of public funds. Hidden subsidies to private industry can be very dangerous.

Kerry: If you're going to favour some industry by throwing money at it, throw some rich person's money at it, not the workers' money.

The other funding option, proposed quite a while ago, was for quasi-equity capital, or non-voting shares.

Kerry: You can do either of two things with quasi-equity capital. You can structure it so it's very close to debt, and give it a government guarantee. But once you've protected an investor's return like that it's exactly like a loan. You might as well have saved yourself all the effort and all the arm-twisting you have to do to get people to accept it. Or you can structure so it's very close to equity, in which case nobody's going to be very interested in it, because they won't have voting rights. So it's a bit like trying to reinvent the wheel.

Tony: As someone said recently: it looks like debt, it smells like debt, it feels like debt, let's call it quasi-equity. It's just a cosmetic operation produced by the obsession with the public sector borrowing requirement - we don't want to call things debt because it's got a bad aura about it, so we call it something else.
A breakthrough in the ALP’s thinking on privatisation finally came early last month with the suggestion from the Left’s senior Cabinet minister, Brian Howe, that the proceeds of assets sales be ploughed into improving Australia’s sagging infrastructure.

“The use of scarce public sector capital resources for airlines seems difficult to justify by comparison with the clear need for infrastructure investment,” Howe, the Minister for Health and Community Services, told a national infrastructure conference in Sydney.

Brian Howe’s argument cuts a swathe through the entrenched positions that dictated the privatisation debate within the ALP hitherto - the Left’s unquestioning defence of all public trading enterprises and of the public sector at large; the Right’s commitment to sacrificing any enterprise for the sake of debt retirement and the ‘crowding-out’ thesis.

Underlying the notion are assumptions which challenge the supposedly unique position of enterprises such as Australian Airlines, Qantas and the Commonwealth Bank, and the urgency for paying off Australia’s hefty, though not crippling, public sector debt. The proposal also challenges Paul Keating’s preoccupation with running a tight fiscal policy.

“We cannot expect the benefits of our economic growth while refusing to deal with the economic and social costs of increasingly inadequate infrastructure.”

Improved infrastructure, Howe argues, will bring its own economic rewards, such as improved efficiency. Howe is not advocating an abandonment of strict financial “discipline”, but is suggesting a creative alternative to the slavish dedication to “the prejudices of young Americans on their Reuters boards”, which are never likely to be satisfied. Such dedication becomes “a fetish” with some advocates of a rigid fiscal policy “for our public sector borrowing requirement [PSBR] to never again be positive”.

“It follows that any notion that assumes the zero PSBR is immutable is to be rejected,” Howe said. “And in rejecting that notion we must reject propositions that the level of provision of national infrastructure should be tied to the effect of possible policies on our public debt interest. There is no case for reducing the size of our public sector capital. There are strong arguments for massively increasing our investment in public infrastructure - and in that context looking at our priorities for allocation of public capital.”

The fear is that if public capital is used to retire the national debt, it will be years before that capital is returned to the public sphere, thus further jeopardising the development of infrastructure projects like national rail freight and improved urban transportation. Howe also predicates his proposal with the need for rational planning and co-ordination between Australia’s various tiers of government.

“We cannot afford a repeat of the disaster of the 1970s when the Commonwealth encouraged the states to compete with each other to provide cheap power to energy-intensive industries. The result was massive over-investment - and debt problems that burdened the national economy throughout the 1980s.”

The infrastructure projects favoured by Howe are those which go some way to addressing social justice and environmental concerns. His criteria are:

1. projects which significantly restructure patterns of access within and between cities, especially metropolitan and nearby provincial cities;

2. projects which significantly increase the potential for new economic activity in selected non-metropolitan areas;

3. projects which provide substantial demonstrations of innovations in the field of housing and of employment location within cities; and

4. projects which remove barriers to development and change in strategic locations, like the Arundel Dam project in Melbourne.

Kitty Eggerking.
Flights of Fancy

Tourism has been touted as the service-sector saviour of our balance of payments mess. And investment is pouring in. But is it really worth it? Jennifer Craik argues we've been taken for a ride on the tourist trip.

Is one American or Japanese tourist spending $A2,000 worth as much as 40 tonnes of export coal?" asked a recent correspondent to the Australian Financial Review. The question is not new, but the scepticism reflects a growing sense of unease that Australia's tourist bonanza is over. Like a hangover, Australian tourism has been suffering since the bicentennial party in 1988.

To some extent, this could have been expected. After all, the annual growth rate of international visitors exceeded 25% between 1986 and 1988. This kind of growth simply could not be sustained. In just four years (1984-88), the number of international visitors doubled from one to two million. Although much of the extravagant enthusiasm was made on the basis of this extraordinary growth, some industry observers were more sanguine.

Declining growth rates appeared even by early 1989. The March quarter showed the number of international visitors increased by only 2%. The following quarter the number of inbound tourists actually fell by 5%. By the end of 1989, annual international tourist numbers had declined by 8% from 2.25 million to 2.1 million. Significantly, this trend was already under way before the pilots' dispute. An examination of international tourist figures illustrates that, although inbound tourism had been growing slowly then steadily, the growth in the mid-1980s was exceptional and could not be maintained. The federal Bureau of Tourism Research expects inbound growth eventually to level out at about 7% to the year 2000. On these figures, we can expect about five million international tourists by the end of the century.

Given this pattern of growth, tourism has become an increasingly important industry to Australia. DASET'T publishes a regular Tourism Facts Sheet which summarises gross figures about the contribution tourism makes to Australia's economy. In 1988/90, for instance, tourism contributed 5.4% to GDP, higher than mining and about the same as farming. Tourism generated foreign exchange earnings of $6.1 billion. Over $22.5 billion was derived from direct expenditure of tourists with the largest proportion (72%) coming from domestic tourism. The industry provided 448,000 jobs, or 5.9% of the workforce, and committed $21.2 billion in new infrastructural investment. Governments also raised around $2.7 billion in indirect taxes from tourist spending (see figure overleaf).

Despite the recent upheavals, investment in tourism infrastructure is continuing to grow. In the March quarter 1990, major tourist projects worth $8.8 million were under construction with another $12 million firmly committed. On completion, a further 60,000 rooms will have been added to the stock of commercial accommodation. New investments include another 14 international standard hotels and resorts, a National Aquarium Centre for Canberra, a mini cruise liner known as Reef Endeavour, a further 14 marinas, about 20 leisure and theme parks, and eight convention centres. Most of this investment is concentrated in New South Wales and Queensland which together account for 86% of new commitments.

The question is do we really need all this? Before we get taken with the cargo cult mentality of tourism we should ask three questions:
Drought relief, perhaps - but where’s the balance of payments relief?

**Short-term International visitors to Australia 1950-1989**

<table>
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<tr>
<th>Date</th>
<th>Visitors</th>
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</tr>
<tr>
<td>1989</td>
<td>2,100,000</td>
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- What is the value-added benefit to Australian industry from tourist earnings?
- Is investment in tourist infrastructure worth it?
- How do we measure the effectiveness of promotion?

The significance of tourism to the Australian economy has been the subject of an ongoing debate in the *Australian Financial Review*. Commentators have argued about whether tourism is the great earner of the future, the industry which will save Australia’s bacon. John ‘Koala’ Brown has argued strenuously the industry’s case in his capacity as a member of a non-government, industry lobby group the Tourism Task Force. This self-appointed group was active in wooing Treasury in the lead-up to the federal Budget. Their objective was to secure increased subsidies to the industry.

At a time when most government agencies have experienced cuts, the national tourism promotional body, the Australian Tourism Commission, asked for $100 million. In fact, it received $40 million in gross funding for 1990/91, an increase of $4.9 million on the previous year (although that figure was topped up by a one-off grant following the pilots’ dispute, taking its funding to $38 million). The increase reflects the government’s policy of supporting direct promotion at the expense of research activities. In contrast to the ATC, the Bureau of Tourism Research, which conducts and funds the main International Visitor Survey (IVS) and Domestic Tourism Monitor (DTM) and survives...
on a budget of only $2 million, had its budget reduced by $300,000. Why? The government’s decision stems from the fear that if tourists do not come to use our burgeoning facilities, then sunk costs of the infrastructure (and interest charges) will become a massive burden on our already debt-ridden economy. The industry has convinced the government that inbound tourist numbers can be maintained if sufficient promotional funds are spent. Bums on planes count for more than an understanding of where the industry is heading. Accordingly, dispassionate research (as opposed to market plotting) has been marginalised, while common sense acknowledges that long-term steady growth will depend on quality research and forecasting.

The government’s decision has been taken despite the lack of any evidence that promotion is effective in attracting tourists. No one knows what is the relationship, if any, between marketing expenditure and visitation rates. There is no way to calculate what is the visitor return on (largely government) promotional expenditure. Campaigns may be catchy and popular, but other factors may determine whether people actually decide to travel. Chief among these are relative currency exchange rates, attractive holiday packages, popularity of a destination, historical and cultural links between destination and origin societies, as well as political, social, sporting and physical factors. As an AFR editorial put it: "The trouble is that nobody quite knows how to go about rigorously testing the effect of spending large sums of money to play upon the hearts and minds of the whimsical tourist."

But the tourist industry is not averse to bluffing. Hence, in an oranges and apples comparison, the Australian Tourist Commission has claimed that gross tourist expenditure figures attest to its promotional effectiveness. The ATC has argued that, for a mere outlay of $38 million from the public purse, the nation "garnered $6.5 billion in foreign earnings - a return to the nation of $1,710.53 for every $1 spent". As Senator Peter Walsh observed, this claim implies that "promotional expenditure alone is responsible for inbound tourism - without it, there would be none!" However, what the ATC is reluctant to state is that there is still a net deficit on the balance of payments on tourism. Australians themselves spend more on outbound travel than foreigners bring in.

The calculation of the real benefit of tourist dollars is also an area of contention. Industry advocates cite tourist expenditure without deducting cost factors. Senator Walsh has listed several items which should be deducted from gross tourist earnings: fuel, aircraft depreciation, imported goods and services, and capital-servicing costs. Opportunity costs (investment lost elsewhere) should also be taken into account. The Bureau of Tourism Research has argued that the most appropriate way to measure the impact of tourism is to compare export earnings of tourism with current account credits. Under this formula, in 1988, tourism contributed 10% of export earnings of goods and services, with tourist debits accounting for 8% of total imports of goods and services.

One of the expensive cost factors is the cost of tourist infrastructure. The AFR correspondent observed that these costs are paid by taxpayers and government, not tourist developers or tourists. ‘Free’ infrastructure includes “transport, communications, electricity, sewerage (!), water at marginal cost”, all of which are paid for and maintained by the community. He suggested that the new Sydney runway was probably only needed because of tourism. Without it, Australia could save itself more than one heated controversy and huge capital works program.

Another intervening factor in the value of tourism is the nature of the tourist market itself. Industry lobbying and promotion is largely directed towards the glamour of the potentially lucrative international tourist who has more money to spend and contributes more in direct expenditure. Yet, in fact, most tourism is domestic. Despite the plethora of international, ‘cosmopolitan’ and top end facilities and attractions, domestic tourism accounts for around 80% of tourist activity.

Domestic tourism has been growing slowly from 201,000 visitor nights in 1984/85 to 214,000 in 1988/89, or by 7% over the period. Australians rediscovered holidaying with the family car at some not-too-distant destination! Annual growth has fluctuated, from 4% in 1985/86, 1% in 1986/87, 3% in 1987/88 to -1% in 1988/89. The latter half of 1989 even saw a boost in some forms of domestic tourism as a result of the pilots’ dispute. These increases must be offset against the steady growth of Australian residents travelling overseas. Indeed, outbound tourism increased by 11% between 1987/88 and 1988/89.

Domestic visitors are not big spenders. Almost two-thirds travel by private car and over half stay with friends and relatives along the way. Even so, domestic visitors account for the majority use of commercial accommodation. For example, in Queensland in 1988/89, interstate markets accounted for 49% of visitor nights, intrastate for 30%, and international visitors for 21%. Although international usage is increasing, largely due to the expansion of top end accommodation at the expense of more affordable accommodation, the breakdown has significant implications for tourism policy and planning. There has been a gradual recognition that tourism policies must accord appropriate recognition of such modest yet significant tourist activity. There are now calls to establish more 3-star accommodation and to shift the emphasis away from the artificial tourist attractions shunned by Australian tourists.

Even the backpacker market has been touted as a potential goldmine. A recent study by the industry-funded National Centre for Tourism and Travel at James Cook University has advocated organising budget travellers who want to go bushwalking, camping, and so on, into package tours in the same way that scuba diving has been packaged. As well as ignoring the fact that the reason for most budget travel is to avoid the industry and get away from other tourists, this report disingenuously sees dollars in such activities!

Overall, most policy debates have concentrated on the potential to increase our miniscule 0.5% of world tourism with policies which will attract more overseas visitors. Markets such as Japan and South Korea have been
regarded as bountiful ponds to be fished. Such markets are populous and their tourists are big spenders. (Although even they want value for money.) And yet, our international tourism remains dominated by cognate nationalities: in 1989, New Zealand contributed most visitors (22% in 1989); the UK and Ireland contributed 15%, and the USA 13%. Japan’s share increased to 17%. Figures for January to May 1990 show the volatility of national tourist patterns. While inbound tourism is up 6% overall, growth was confined to the Japanese (up 28%) and Asian (up 22%) markets. Other groups were static (UK/Ireland, Europe) or declined - New Zealand by 5%, USA by 7% and Canada by 9%. Although the Japanese market looks very promising, tourist numbers should not be calculated on the basis of short-term blips. This market is more than likely to be a short-term phenomenon which will shrink once other destinations become more attractive (in value for money and in terms of offering a new experience or environment).

Policies are favouring fickle fashion markets at the expense of traditional and reliable markets. For example, we rarely hear about our largest long-term market, New Zealand, in discussions about potential tourist growth. The other concern has been the vertical integration of Japanese business into the tourist industry. There is considerable evidence that the bulk of Japanese tourist dollars leaks back to Japan into the tourist industry. There is considerable evidence that the bulk of Japanese tourist dollars leaks back to Japan from Japanese investments in Australia.

A recent federal government report, Tourism Shopping in the Nineties, confirms the suggestion that “exclusive arrangements” give Japanese-owned or favoured businesses a substantial “headstart” in monopolising the Japanese tourist dollar. We should not expect altruism from trading partners, yet policies towards such investment have been soft and short-sighted. In this regard, the ineffective Foreign Investment Review Board surely has a case to answer.

Given the nature of Australia’s tourist patterns and its economic situation, what kinds of tourism policies should we be developing for Australia? Industry lobbyists have been arguing persuasively that tourism should be considered as a major industry and be eligible for the same kinds of industry assistance as the resource industries of which Australia has been so fond. Accordingly, the Industries Assistance Commission (now Industry Commission) investigated the travel and tourism industries during the boom and bust period of 1988/89. Its final report, published late last year, has lain in dusty corners while the embarrassing downturn in the new wonder industry is explained away.

The IAC draft report did create a debate. Few observers were satisfied by its attempt to be all things to all people. Already, the report was giving a major emphasis on aviation issues at the expense of other issues. Environmental experts were especially disappointed at its failure to take a strong stand. Although 70% of initial submissions had concerned environmental questions, the IAC merely recommended the strengthening of EIA legislation and processes. More disturbing was the IAC’s preoccupation with the measurement of environmental value through the price mechanisms. In a ‘having your cake and eating it too’ approach, the IAC simultaneously recognised environmental values but wanted to offset ‘opportunity costs’ caused by ‘locking up’ land for non-development purposes.

Perhaps the most radical suggestion of the report was that Commonwealth funding of the ATC should be phased out over three years, allowing the industry itself to take over its functions. The IAC made a distinction between industry assistance for individual companies to develop export markets and ongoing generic promotion of tourism. The industry was outraged and mobilised its lobby groups to oppose the draft recommendations. The Australian Tourism Industry Association (ATIA) was particularly active and effective in converting the IAC to a more sympathetic point of view.

There are significant changes between the draft and final reports. For example, recommendations concerning the ATC were reversed. The final report decided that government funding of the ATC should be maintained and its role reviewed in five years’ time! Penalty rates switched from not being an impediment to efficiency, to constraining staff flexibility. Although the IAC did not support the reintroduction of the Export Market Development Grants Scheme (EMDG), the scheme was reintroduced in July 1990. Such outcomes have been welcomed by the industry which now endorses the major recommendations of the report. To other commentators, the course of the inquiry has been a classic case of clientelism. The commission has satisfied industry advocates at the expense of other interests and issues.

Above all, the IAC has revealed a naive belief in democratic processes which conflict with its hard-nosed belief in economic efficiency and the levelling role of the market place. In relation to social impacts, the IAC concluded that these were not a problem since “choices lie open to the communities through reviews of project proposals and political processes at all levels of government. No government, however, can just bring the benefits of development and remove all of the costs”. In the end, there was little distinction between the ultimate position of the IAC and that of the industry lobbyists. The credo of the latter group was summed up in Wolfe’s dictum that “profits are the business man’s standard of measuring ‘public welfare’”. With policy advisers like the Industry Commission, the government scarcely needs its rogues’ gallery of business mates.

So, does one tourist equal 40 tonnes of coal? The evidence suggests not. But Australia is still wallowing in a beneficent attitude to tourism despite the obvious problems. Policies continue to be geared towards maximising tourist numbers and encouraging still more investment. The public purse is contributing handsomely to these initiatives. Ultimately, you can bet that the beneficiaries of such policies will not be ordinary taxpaying Australians. We’ll all have been taken for a ride on the tourist trip.

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The debate over the ALP’s organisation and factions is in full swing. Here Robert Ray presents a view from the Right. The ALP Left still carries the legacy of cold war sectarianism, he argues. And its ideological baggage doesn’t stand it in good stead.

Factional apparatchiks have a vested interest in casting all, or at least some, factional activity in an heroic light. The unpalatable truth is that factions in the ALP are grubby but necessary. On occasion a faction may adopt a position of some intellectual coherence. To everyone’s relief, principle and self-interest are bound to coincide every now and again - if only on the balance of probabilities.

It would be unforgivably churlish for someone with my record in the ALP to wax sanctimoniously about the evils of factions (that is usually the preserve of allegedly ‘independent’ ALP parliamentarians who are themselves the beneficiaries of factional deals). I have practised factional loyalty, and I have benefited from it. What’s more, I don’t try to dress up something which maybe tacky in ill-fitting ideological garb.

That would be like the legendary story of the ALP Senator who spent 30 years in parliament, holding many senior positions in the process. On his last day in the old place, he solemnly rose and announced that, after decades of intensive study, he had concluded that the whole thing was a waste of time and should be abolished forthwith!

Lindsay Tanner (ALR 118) suggests current ALP factional divisions owe their origin to the battles of the cold war - communists and socialists on one side, social democrats and American-style Democrats on the other.

In fact, factions are as old as the ALP - it’s just that they used to be known as the ‘ins’ and ‘outs’. The early ALP took many of its organising principles from the union movement, including most importantly the ‘winner takes all’ first-past-the-post system for internal elections. (To be fair, preferential voting was unknown in parliamentary elections in those days.) You were either part of the mob who got to carve up all the spoils of office, or you were nothing.

Not surprisingly, political feeling went deep. What may seem bitter barneys to the death today would appear quite pale and lacklustre to factional operators of yesteryear. V. Gordon Childe’s record of the NSW ALP in the 1916-17 conscription schism and its immediate aftermath, the classic How Labour Governs is considerably more bloody and
disillusioning than any blasts from currently disaffected Labor supporters could ever be.

The NSW branch underwent intervention by the ALP’s federal executive on five separate occasions between 1927 and 1941 (a major cause, I suspect, for that branch placing a premium on stability and continuity in the dark days of the mid-50s). What’s more, in those days the people on the losing side often ended up outside the ALP, whether by choice or by brutal expulsion.

This led in some ALP state branches to the absurd situation where ‘factions’ were banned, and theoretically you could be expelled merely for circulating a ‘how-to-vote’ ticket at a state conference. In a notorious Victorian case of the late 60s, some party members were expelled for the heinous sin of writing to other party branches without the express permission of state secretary W H Hartley. These ‘high-minded’ principles only applied to whoever constituted the permanent minority, of course; the majority faction effectively was the ALP, and could please itself.

Even relative pessimists like Lindsay Tannen and Stuart Macintyre (ALR 120) would surely agree that the ALP has made a massive leap forward in internal democracy over the past 20 years. The progressive implementation of proportional representation for internal ALP elections throughout the party’s state branches since 1970 has changed the nature of debate within Labor profoundly and for ever.

Perhaps ironically, what has generated the bulk of faction-watching over the past decade is the remarkable openness with which modern intra-party groupings operate. To varying degrees, the three broad tendencies with the ALP - Socialist Left, Centre Left and Labor Unity/Centre Unity (often given the simplistic tag of the ‘Right’) - have gone national and public. Correspondingly, I believe that community understanding of the internal dynamics of the ALP has never been better, and that is a healthy thing.

It is politically as well as structurally impossible that senior public figures in the ALP, such as state or federal parliamentary leaders, will ever again be subjected to the “faceless men” humiliation undergone by Calwell and Whitlam at the hands of the 1963 federal party administration. Moreover, parliamentary representatives play a greater role in the key internal councils of the ALP than at any time since, probably, the first decade of this century.

It is a cliché of newspaper reporting to whip up tensions, often real enough, between parliamentary caucuses and the extra-parliamentary party machine. This dichotomy dates as a regular phenomenon only from the conscription eruptions of 1916-17. For the first 25 years of the ALP, politicians were accepted as prominent players in internal party decisions; only when big chunks of various caucuses, led by the megalomaniac Hughes and the ambitious Holman, really stuffed things up on conscription, did the party decide that pollies were generally on the nose.

In addition to obsessive secrecy, another feature of old factions was often blatant sectarianism. Certainly the self-styled Left in Victoria owed more to virulent anti-Catholicism (with a fair dash of behind-the-scenes Lodge influence) as an organising force in the late 1950s and 1960s than to any meaningful understanding of socialism (or politics in general, for that matter). Towards the end of the 60s, this preoccupation caused no little frustration to communist union officials who often had a shrewder assessment of political survival.

The ALP has a rich, colourful and largely positive history. It has many proud achievements and social advances to its credit. But we can’t ignore the more negative elements in the history of its internal party administration, involving abuses of power on a par with the worst excesses of Huey Long or Mayor Daley. (The reference to American Tammany Hall merchants is deliberate. Not even the most dictatorial ALP demagogue, say Jack Lang, compares to the abuses committed in the name of ‘socialist democracy’ or ‘democratic centralism’ by stalinist and leninist parties, including their Australian offshoots.)

One of the oldest tricks of a political charlatan is the use of flowery rhetoric as a cover for the baser motive of self-aggrandisement. The issue of party participation in the election of parliamentary Labor leaders, partially implemented in recent times by the British Labour Party and seen by some in Australia (including Lindsay Tannen) as a worthwhile structural reform, was pioneered by Jack Lang in 1920s New South Wales - with disastrous effects. In the name of increased democracy, Lang’s personality cult, backed by a compliant state conference, ravaged state caucus. The price of challenging Lang in the parliamentary party carried the very real risk of expulsion from the ALP.

No matter how much ideological verbiage an ALP faction may produce, reality is that it seeks to advance its position relative to other contending factions. What it then does with the command of some or all commanding heights within the party may well contribute to the Forward March...
of Human Progress...but will also incidentally involve the distribution of various forms of patronage.

Of course, patronage is a painful topic for those unctuous socialists who wear their hearts on their sleeves. Personally, I'm quite comfortable with it. Influencing the personnel arrangements of political administration is part of the lifeblood of politics. In practice, every faction addresses these matters as a high priority - it's just that some factions are more honest about it than others.

What generally keeps factions on the Centre and Right of the ALP a bit more on the track of broad-based politics is that they are largely motivated by a desire to see the ALP gain community credibility, and consequent electoral power. To varying degrees, they sublimate their own identities in a broader identification with the ALP as an electoral and parliamentary presence. The Left, in contrast, faces more serious internal tensions.

It is one of the most important observations about the modern ALP that members of the organised Left within the party play a pivotal role in Labor governments. From personal experience, I can vouch for the outstanding contributions made to stable and constructive politics made by my Cabinet colleagues Stewart West of the NSW Socialist Left, Nick Bolkus of the South Australian Left, and Brian Howe and Gerry Hand, both members of the Victorian Socialist Left. Any ALP faction would be pleased to have members of such capacity and ability. Other leftwing ALP members make similar contributions at different levels.

So I am not arguing that one ALP faction is any more loyal than another. The internal contradiction the Left has yet to confront is that it carries its own particular ideological luggage and shibboleths, from which other factions are relatively free. Unlike the Centre Left and Labor Unity, the Left has a dual relationship to the broader party - it is apart from the ALP as well as being of the ALP.

I would guess that most Centre and Right ALP members would be fairly prepared, or at least resigned, to accept the track record of the party over the years, ranging from the moments of glory to those of utter failure and despair. The Left, however, has a critique of the ALP past and present which is central to its own rationale. If you buy the Left, you buy a package of attitudes - variations to the package are difficult indeed to negotiate, as Bob Hogg found in 1982 over modest amendments to ALP uranium policy.

Belonging to Labor Unity does not involve a rigid adherence to any particular policy position within the ALP. On most of the classically controversial policy debates within the party, any number of permutations can be found in the ALP Centre and Right. To borrow an example from Lindsay Tanner, I have yet to meet the Socialist Left member who was pro-uranium and anti-abortion, but I do know as many members of the Right who are anti-one and pro-the other as hold the reverse position.

The discipline of attitude engendered by having certain incontrovertible articles of faith does give the Left a strength of action denied other factions. Currently the Victorian Socialist Left is riven with disputes over its participation in certain government difficulties, yet most of the time the faction's numbers stick like glue.

The relative fundamentalism of the Left translates into organising zeal. Nevertheless, it is not unreasonable to question to what extent the Left's factional energy relates to the purported principles of the group. The use in Melbourne of some ethnic groups as expendable cannon fodder in the branches verges on the notorious. (While the Left excels in this sort of crude networking, no faction is lilywhite in this regard.)

I would suggest that the form of mild schizophrenia which underlies the Left's attitude towards the ALP raises some serious dangers for the future. The Left, more than other factions, can sustain itself solely on the drive for power within the party. Although elements are thoroughly involved in the different levels of government, a substantial stream of thought still reflects the sectarian approach of the 60s - i.e. gaining a stranglehold on the party apparatus is a worthy political goal in itself. The Victorian Central Executive administration led by Crawford-Brown-Hartley was certainly tight and clinically ruthless, and probably one of the most pointless periods of recent ALP history; in Gough Whitlam's immortal words to a Victorian branch conference, "only the impotent can afford to be pure".

If future electoral setbacks result in the defeat or isolation of prominent Left parliamentarians (let alone weakening effects on other sections of the party), I personally fear for the ALP's continued stability. Already the gloves are off in the union movement - as far as I am aware, there have been more politically-motivated union elections in the past five years than in the previous 20. Party campaign techniques and resources have been used to interfere in unions on a scale unseen since the Industrial groups controversy of the late 1940s. Again, while no group is lilywhite, the Left has led the way, concentrated the most resources and reaped the greatest benefit.

Because of the organic bonds between the union movement and the ALP, industrial realignments have a delayed but profound effect on the balance of forces within the party. Because both groupers and communists were well aware of this, the union battles of the 50s were bitter and violent - and ultimately destructive. An uneasy consensus emerged within the ALP, a sort of unspoken 'non-aggression pact' between the Victorian and NSW branches representing polar opposites, that unions were out of bounds.

That consensus clearly no longer exists - why, I'm not quite sure. Without setting out to offend some ALR readers it may in part follow divisions in the Communist Party which caused a minor influx into the ALP Left of seasoned, intelligent leftists in the mid-to-late 1980s. It may also owe something to unionist frustration over recent industrial decisions creating opportunities to capitalise on which a faction finds irresistible. It may just be that the Left is better at covert operations than other factions.
Sections of the Left are certainly skilled at having ‘two bob each way’. Over the life of the Hawke federal government many prominent leftwing union officials haven enjoyed a new enhanced status in renegotiating, redefining and reassessing the ALP-ACTU Accord, a crucial underpinning of Labor’s run of success.

At the same time as this (sometimes qualified) support, a skilful destabilising of non-Left unions through simplistic campaigns and populist slogans has been directed at the restraint implicit in the Accord.

Obviously, it is difficult to talk about the Left, or any other faction for that matter, as a monolithic whole acting with one mind. The ALP is still, in many respects, a federation of state-based parties, each with a distinctive political culture of its own. Factions vary dramatically from one state to another, on top of the operational differences which may exist within any one state branch.

The bottom line, however, is that while the federal ALP has never been more stable and competent (four successive election victories deserve some respect), the trend in some state branches is not healthy. As long as Labor is in office, common incentives to work together will be strong enough to overcome most policy disputes. Beyond that, it is impossible to speculate what will happen.

One thing is certain. Unilateral factional disarmament is an illusion. I cannot comment for the Centre Left, but my understanding of opinion within Labor Unity around the states is that Left adventurism will be resisted strongly. Unlike sections of the Left, we do not believe in dominance, nor do we believe that one section of the ALP is the repository of all party wisdom and heritage.

Since becoming a Senator in 1981 and a delegate to ALP national executive in 1983, I have seen an effective system of checks and balances operate in the best interests of the party. No ALP member, nor member of the public will have been happy 100% of the time, but that’s the price of government. You can be, but only a fool would want to be, 100% happy with the performance of an Opposition.

Calling on the particular tradition within Labor which revolves around mistrust of politicians may be a useful tool for one faction, but I believe it may prove to be profoundly short-sighted. In the public eye, the ALP is as good or as bad as its parliamentary representatives. Factions can assist in the smooth presentation of policies and personalities, but voters don’t vote for Labor Unity, the Centre Left or the Socialist Left, just as they never flocked to the electoral appeals of the Communist Party.

ROBERT RAY is federal Minister for Defence, and an active member of the ALP’s Victorian branch.

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ALR: October 1990
share Lindsay Tanner’s sense of urgency about the need for the ALP to make big structural changes if it is to survive as a grassroots party into the 21st century. (‘Labor’s Turbulent Tribes, ALR 118.) I also agree with much of the analysis he presents. This response is an early outline of some ideas which are relevant to the debate likely to occur on Lindsay’s proposals, both in his ALR article, and in his paper, Democratising the Labor Party. It focuses on his proposals for widening internal democracy within the ALP. I am still developing - and assembling detailed evidence for - these ideas as part of what I hope will be a widespread debate leading into the ALP centenary.

The big fall in the Labor Party’s primary vote in the 1990 federal election has been generally interpreted as the result of a rise in support for Democrat or independent candidates over environmental issues. This interpretation also appears to underlie Lindsay Tanner’s view that “the Party’s analysis of the 1990 federal election results and action founded on that analysis are absolutely critical” in averting further falls in the primary Labor vote.

In my view, equal attention must be given in this analysis to the defections, to the Democrats and Liberals, of working class voters angered by the Labor government’s failure to improve their economic and social position. For the last three federal elections, and in the most recent state elections in both Victoria and New South Wales, there has been a pattern whereby swings against Labor in the ‘safe’ electorates have often (though not always) far outstripped the swings in more marginal areas.

The time has come when, instead of being celebrated as evidence of the party’s sophisticated campaigning techniques, the implications of this trend need to be soberly assessed. I believe that the disproportionate loss of voters in ‘safe’ seats may signify the final stages of a long-term breakdown in the party’s relationship with the working class and, as such, represents a more fundamental threat than the alienation of the environmental vote.

Thirty years ago, the Labor Party attracted a high rate of participation from manual, sales and clerical workers; its trade union affiliates represented a majority of wage earners, and many members of those affiliated unions actively contributed to the party. In elections, Labor could rely on the votes of two-thirds of the blue-collar workers who, in turn, made up nearly half the workforce. In more recent times the party has attracted a much lower rate of participation from manual, sales and clerical workers, as is shown by the table overleaf, which sets the occupations of Victorian ALP members alongside those of Victorians (aged 15 and over) in general, for the census years 1961 and 1986. On the positive side, the proportion of women in the party approximately doubled between these two dates, and there was a significant increase in the number of party members from non-English speaking backgrounds. However, a disproportionately low number of these new participants were drawn from the manual jobs where migrant men and women tend to be concentrated, or from the sales, personal service and clerical jobs in which most women workers are employed.

The forums of the ALP nowadays tend often to be dominated by relatively privileged people in professional occupations. The affiliated trade unions represent less than one-quarter of all wage-earners (and this proportion is decreasing daily with the rapidity of white-collar employment growth in areas which are either non-unionised or covered by non-affiliated unions). Few members of affiliated organisations now realise - let alone support - their union’s linkage to the ALP. The erosion of Labor’s or-
The outcome in Australia need not be so bad; but the prospects for a Thatcherite ascendancy will certainly be strengthened by any failure now to undertake Labor Party democratisation. The most urgent item on an agenda for real, participatory democracy - as opposed to a purely formal 'representative' democracy - must be to put the Labor Party's membership, leadership and procedures of policy formation and implementation back in touch with the key Labor Party constituencies.

Lindsay Tanner has proposed a series of rule changes which, if carried through, could largely achieve this. These include a recruitment drive for new members, new branch structures to give a greater role to issue-based and ethnic-based branches. How to overhaul local branch activity so that it is geographically in tune with the needs and lifestyles of modern working class communities, and can transmit the aspirations of those communities into the party's policy structures must rank as the key issue to be tackled in the proposed recruitment research.

More than ever before, the Labor Party in the 1990s will need to appeal to both the working class (in all its diversity of collar colour, gender and ethnic background) and to the supporters of social movements. It is wrong to pretend that the interests of these constituencies are identical or that there is no tension between their participants. There clearly is. But much of the tension is superficial.

The ALP in the 1990s will need to re-establish its original identity as a party on the side of labour, as distinct from capital; and in a manner which enables the majority of employed people to express their day-to-day needs and aspirations through the party. This challenge cannot be met without the provision of democratic structures, appropriate resources and programs of political education, and we must now strive to develop these.

ANDREW SCOTT was, until recently, a research officer for the AMWU. He is now researching the history of the ALP and its social base.
Talkback radio is Australia's number one opinion-maker. Rebecca Coyle looks behind the bluster.

Possibly the earliest example of talkback radio on the Australian airwaves was in the 20s on Sydney's ABC station 2BL. The station invited 'listeners-in' to debate issues with studio experts. The experiment was significant since it allowed a two-way exchange and challenged the model of authoritative broadcasting, derived from the BBC, that aimed to educate, inform and (lastly) entertain passive listeners.

This innovation was not lost on E R Voigt who set up Sydney's newsport-talk station 2KY based on this notion of radio's social function. Other stations used early forms of talkback to assess their audience profiles. In some sense, 'youth' stations today use telephone request programs to do the same thing in their music or quiz shows.

We generally identify talkback with the shows hosted by the popular 'personalities', though there are many variations of talkback. Specialist shows tackle specific subjects from gardening or household tips to legal or health advice. Recently there has been a spate of AIDS counselling selling programs and, on public radio stations this year, the AIDS: Talk Positive series targeted various communities such as young people, gay men, carers and so on, for involvement in talkback counselling sessions. Then there are the heart-on-your-sleeve programs that often engage an 'expert' such as a therapist or psychologist to solve problems and resolve crises. On Sydney's 2GB, 'Midnight Matchmaker' links lonely hearts and maintains a huge 33% to 45% of the weekday late night audience.

In these shows, callers expose the most intimate details about themselves in sessions that would once have been the domain of the local priest, doctor or extended family network. Talkback hosts are quick to point out that their shows cannot offer full-blown counselling and that their role is to urge distressed callers to seek professional advice, though no figures on such follow-through are available. The anonymity of the talkback show clearly attracts many callers to it.

The shows that attract the highest ratings, however, are undoubtedly those fronted by the 'personality' hosts. These cover a diverse range of subjects - current affairs, government proposals, and new laws, local issues and personal experiences. The shows strongly reflect the views, attitudes and personal styles of the hosts. While ostensibly provoking discussion and offering advice, these hosts espouse a particular set of values and moral code.

The style of a talkback show is often dictated by how much time is given to each caller, the number of interruptions made to their comments, and the general approach to their opinion. Commercial radio hosts excite all sorts of behaviour towards callers in the name of entertainment. On talkback, disagreement and contention is sold as the entertainment factor. Program trailers and promotional material refer to the amount of controversy the host can generate. On Sydney's taxis and billboards at present, the ad copy for Ron Casey refers directly to his domineering presentation style. There is no need for the name of the host to be mentioned. To Sydney listeners, Casey is synonymous with the station and with controversial (or perhaps scandalous) talkback. Whether they love or loathe him, the listeners continue to listen. As entertainment bears directly on ratings and ratings determine the station income and the host's salary, it is understandable that this element is important.

The technical aspects of talkback allow the host to move the show along in the name of entertainment but also assist in maintaining control and authority in the talkback. All talkback on Australian radio is obliged to use a time delay system, ensuring that the words we hear broadcast arrive seven seconds after they were actually spoken. The host thus has time to cut off a caller who contravenes broadcasting laws and standards or to cut the talk of someone subverting the show's agenda. With the 'halfway' switch the host can put the caller on hold so that, while she or he may be objecting to the host's treatment of his or her opinion, these comments won't be broadcast. As well, there is the 'ducking' or 'over-ride' control which can automatically give priority to the host's microphone voice, thus cutting the caller's line.

Possibly the best-known talkback host Australia-wide is John Laws. In the 80s, promos for his show referred to him merely as The Voice (reminiscent in a few ways of that early radio character The Shadow). While, on one level, the term refers to his ratings on the airwaves and his reputation, it also reflects his use of a particular type of technique of microphone that ensures a clarity, deep resonance and warmth of voice tone. Almost every metropolitan centre around Australia has its own voice of the city. Barry Hill, who writes on radio for The Age's Green Guide, says that Derryn Hinch in his time at 3AW used to bill himself as 'Mr Melbourne', a false claim since he didn't dominate Melbourne radio. Since Hinch's departure for television, no one has presumed to be the voice of Melbourne. There is no one in Melbourne radio who "exerts the power" or "asserts themselves so politically" as John Laws in Sydney. Hill also argues that the style of Melbourne talkback is entirely different to that of the "hustling city", Sydney, whose style he characterises as "the brash aggressiveness of advanced capitalism", a style well represented
by John Laws. For Hill, Ramona Koval, who presents a magazine program on the ABC's 3LO, is Melbourne radio at its best. She uses talkback in "the most intelligent way" - "non-authoritarian and democratic in its ethos". This contrasts strongly with the style of the voice of authority, the accepted role of media presenters today. Perhaps this helps to explain the dearth of women talkback hosts in a culture in which authority is traditionally associated with Anglo-Celtic men.

The authoritative stance taken by Margaret Throsby on Sydney's 2BL is a more subtle one. Her responses to callers' comments reiterate, summarise and reinforce the views expressed rather than project her particular line. The most she will say is that an issue "just comes down to personal opinion". Yet her opinion is made clear in her strongly modulated voice indicating her approval or otherwise in a particular tone of "hmmm" or her perfunctory or enthusiastic thanks at the end of the call.

Contrast this with the powerfully opinionated arguments put across by hosts like John Laws. Here he is on one of his favoured topics - politicians, bureaucrats and social servants. And certainly, talkshows do have an impact, as we saw recently with the outraged response to the government's budget decision to charge pensioners prescription fees and Social Security Minister Graham Richardson's subsequent back-down. The host as vanquishing hero; the host does not need to attack openly to make his point. From his position of superior position, as much as the issue itself that makes the shows rightwing overall."

In addition, hosts clearly distinguish between their mates and those perceived to be listeners through their use of language. This is most clearly illustrated through references to various cultural/ethnic groups. Subtle uses of ‘us and them’ references make clear the host’s allegiances. The recent confrontation over Kuwait has opened the door to overt comments about fundamentalist faiths and Iraqis in the Gulf and in Australia. But there is nothing new about this. During 1987 and 1988, complaints about Ron Casey’s comments on Chinese and Japanese people provoked an Australian Broadcasting Tribunal inquiry and action. In 1987, John Laws' comments about the level of expenditure on Aboriginal welfare activities also led to a public inquiry. Yet the host does not need to attack openly to make his point. From his position of authority he can deem some of us more Australian than others, and bestow rewards.

Gifts may be distributed to preferred callers at the end of an exchange and link neatly into the commercial radio format of the station. The host’s authority is also granted to certain products that are advertised in ‘live
reads'. These endorsements duplicate other celebrity testimonials and often include a personal comment about how the host enjoys the product, relies on a particular service or trusts a company. The sorts of products, services and companies that are supported fit neatly with the lifestyle, values and morals sketched out by the host.

Listeners build up a complex profile of who they perceive the host to be through such glimpses of 'personal' life. Talkback shows on radio attract strong listener loyalty. Callers to the programs quickly learn the rules of the game and how to play.

Listeners become voyeurs, fascinated with callers revealing intimate details of their lives or being publicly berated and satirised by all-powerful hosts. It may well be that the dramas are built on personas created by the callers who are adroitly using the anonymity of radio for their five minutes of fame. Neumark argues that listeners are not "stupid dupes to talkback". Once listeners understand the current form and parameters "they use it for what they want". Talkback therefore becomes not about what people think but about listeners participating in a form of radio entertainment, a far cry from that early 2BL motion.

REBECCA COYLE is a freelance radio journalist and lecturer at the University of Technology, Sydney.

**Rock and Roles**

**Lawrence Grossberg is a distinguished American cultural critic. His new book We Gotta Get Outa This Place was published in August. He was interviewed before his upcoming Australian visit by Marcus Breen.**

Is the current attack on rock music culture a highly orchestrated and well organised one, or is it more ad hoc than that?

I suppose that depends on how paranoid you are. It certainly is orchestrated at particular sites... but there's no overarching organisation and no singular attack on rock.

My new book starts off from the understanding that there are at least three different kinds of attack taking place on rock in the United States and they all involve the New Right in one way or another. So, on the one hand, there is the PMRC [Parents Music Resource Centre] and other groups like the PTA [Parent Teacher Association], and some of the more centrist Christian groups. Their argument is that they are not trying to censor rock or trying to attack all of rock and roll, but they are trying to bring rock and roll into the control of domestic relations; that is, their rhetoric is that they want parents to have enough information to allow parents to decide what their kids should listen to. So they tend to attack heavy metal and rap more than mainstream rock, soft rock and soul music, although they have also attacked these in specific instances. On the other hand, there is a variety of intellectual and Christian fundamentalist groups which want to attack all of rock and roll. Those are the people who recently instigated the attacks on the rap band 2 Live Crew. In fact, I read...that their next target is Bruce Springsteen. For them rock and roll is all evil, all the devil's work.

Then there's a third element that I think people haven't talked about sufficiently - the approach represented by Lee Attwater. He was Bush's campaign manager and he's now the national chairman of the Republican Party. He's also, apparently, a rock and roll star. He's played with some of the greatest rhythm and blues rock performers. This is a middle class, rich Republican taking on the attitude and style of the rock and roll star. He's appeared on the David Letterman Show, one of the hippest television shows, not as guest, but as a member of a band. Here's one of the three most powerful men in the country probably and David Letterman didn't bother interviewing him, he just played as a guest guitarist and that kind of credibility seems to me part of a redefinition and reappropriation of the way in which rock is allowed to exist in society. I assume that because the Republican Party is so image conscious, and has hired the best PR and advertising companies in the country, they are not just going to allow Lee Attwater to go out and do this unless it fits some kind of PR strategy.

If you bring all that together into the attack on rock and if you add to that the context that, oddly enough, capitalism, speaking in the abstract, hasn't really stood up in defence of rock, although it's a big money industry. Even the big record companies have been lukewarm about defending rock.

It strikes me as something of a contradiction that rock and roll is such an American creation, and something that has probably done more than anything else to create an image for America in the world and yet, presumably, the very thing that makes it attractive is under attack.

It's quite true that rock, and rock culture, has come to define the centre of American culture and American identity. Rock has become the defining centre of the United States, or an 'American culture' and that is under attack. Its centrist position in the social and public, and the world's, imagination is under attack.

In the worst of all possible worlds, what would America be like if the people who are taking this stand against rock culture were to succeed and to kill at birth the thing we know as rock culture? Well, in the worst of all possible worlds, if one imagines the New Right and the Christian fundamentalists winning, it will look a lot like Margaret Atwood's *Handmaid's Tale*. It's a society in which culture would be
quite literally controlled, not necessarily by the state, but by an apparatus that existed on the margins of the state. But I don't think there's any possibility that it's going to happen. It assumes that those of the New Right are the only players in the game. I don't mean that there's no opposition, there is. I'm more interested in the contradictions within the Right, and the New Right are not the only players on the Right. That's quite clearly illustrated in George Bush's presidency. There is a real tension between the New Right wing of the Republican Party and the dominant apparatuses of the Republican Party; and George Bush has tried to walk a thin line appeasing the New Right but basically appointing, with a few key exceptions, centrist Republican bureaucrats. Republican bureaucrats tend to associate with capitalism. So the question becomes: what is the relationship between the New Right and whatever the interests of capitalism are in contemporary America? I think the New Right tends to be quite suspicious of corporate capitalism. They are not going to win that battle.

One of the surprising things for someone from Australia is to recognise how active and how large the community of progressive intellectuals and progressive people generally is in the US. Is that inaccurate or is there a sense in which there is a resurgence and a redefining of how the Left fits in? There is a very large and active progressive population in the United States, much more so than one would ever gather from watching the media, but I think the bulk of Americans are people who are ideologically liberal and emotionally conservative. These are people who will often support Reagan or Bush but they will oppose controlling abortion, favour higher taxes, support the homeless but, on the other hand, they don’t seem to be able to organise any emotional investment in their politics. You can get a wide number of people supporting a position but you can't seem to get them to make any commitment based on that support.

The Left at the moment is caught in a number of dilemmas. First, it can't find a strategy. On the one hand it is constantly talking about respecting everyone's difference so that you get an increasing fragmentation of groups on the Left and then having to find a way of creating an alliance and a coalition. The most successful example of that was, of course, the Rainbow Coalition. That was built on the notion of a common platform which, in recent years, the Left has been unable to agree. The other side of that, if we come back to rock and the attacks on rock, is the fact that the Left has not done a sufficient analysis of the New Right and what's going on. It's too easy simply to say that the attacks on rock are another example of censorship, another example of the attacks on pleasure and the 1960s counter culture. Both of those are, in a limited way, true, but neither of them capture the complexity of the struggles which you need to understand to be able to build real alliances.

The Left has inherited from somewhere, I suppose the 60s, notions of democratic institutions that resemble anarchy and notions of political purity which resemble irrelevance. The interesting thing about the Right is how well orchestrated and how well organised they are, and how willing they are to negotiate with, work within, and compromise with the existing economic and governmental institutions. The Left, of course, in all of its moral purity, refuses to get involved at the bureaucratic level, but that is precisely where the battles are being won or lost these days. The Left needs to rediscover governance as part of politics. We gave up in the 60s when we discovered ideology as common sense and when we discovered politics as the politics of everyday life.

The family is an extraordinarily resonant emotional element of American culture and now the image of the family is incredibly diverse. You can have gay couples, all sorts of non-traditional couples. You can have all sorts of families but the commitment to the family remains absolute and that is an extraordinarily powerful emotional commitment. It is around that commitment that political loyalties get organised and once you find yourself talking about the importance of the family, at the bureaucratic level it is the Right that puts forth Family Protection Bills which are, of course, attacks on rock or attacks on sexual freedom. The Left doesn't enter into those debates to talk about what a progressive governmental relationship to the family would be.

I wonder if what you've outlined is uniquely American or if there's a universality about it. Are there any conclusions or associations between what is happening in America, particularly to rock culture, and what is happening in Australia, given that Australia has a history of being a client state.

I decided early on in my academic career that I was never going to make utterances about other national contexts, because they are still quite foreign to me. Part of my argument, though, has to do with the particular way in which capitalism has commodified daily life in America. My analysis depends on an argument that says that the struggle in America, from the perspective of capitalism, is to keep people so fluid within the commodified everyday life that increasingly it becomes impossible for them to acknowledge anything that is outside that everyday life. What is outside it is politics and economics.

It's not just that the population becomes depoliticised - I think that's true. The question I want to ask is: what is the specific form of depoliticisation in the 1980s and 1990s. I want to argue that it depends on a particular kind of restructuring of everyday life in which the political and economic become simply something that is outside common sense. That kind of move is made easier by the appropriation of the postmodern irrelevance, where a kind of postmodern irony makes the government - politics and economics - seem kind of unreal, irrelevant. The Right, by the way, rearticulates that postmodern logic to its own end. In that process it makes a space for capitalism to, if you will, experiment. I want to argue that, given the changes in global capitalism and given the particular role that America played in the establishment of postwar capitalism in the 1950s and 60s, which then ran into a series of crises in the 70s and 80s, capitalism isn't sure what it is doing or how it can get out of that crisis. It is trying to give itself space whereby it can figure that out, and to do that it is crucial that the United States be a pliable entity in that process, and that it
It's a luxury for that middle 50% of the population that we think of as middle class. It's a luxury that, to a large extent, blacks in America do not have. In a certain sense you can see rap as outside everyday life, attacking, desiring it perhaps, but also resenting it. I think it is probably that tension which identifies the tension between the strategy of capitalism in the United States and its relationship to rock culture.

What do you think is particularly notable about musical trends if you can summarise what is happening in the 1990s?

In some ways, the musical trends of the United States in the past decade have been the musical trends of other cultures. For example, there is the increasing appearance and the popularity of various world musics and world beat musics. Certainly, the most interesting thing going on in pop music and rock culture today is its ambiguous, undecided relationship with rap.

I tend now to include rap as part of rock culture but certainly there are real antagonisms between them.

It's a bit like the 60s when part of soul became part of rock culture but part of soul - the harder edge - was excluded from it. You simply never heard it. But now you hear all of it and some of it crosses over quite easily.

MARCUS BREEN is a Melbourne freelance journalist.

I think it’s really cute when people find out where people come from and how they stuff up words, all that kind of thing. And how a Greek and, say, a Chinese person can communicate even though they can’t speak English, they can only speak their own language, but they can communicate in some sort of way.

“We want to bring in an Asian character...it’d be good to have an Asian because they’re more or less wogs. Wog means anyone who’s not Anglo-Saxon.”

Kapiniaris talks of a “Wog Pack” of young actors who are making a name for themselves in Australian theatre, film and TV. But, even now, the depiction of wogs (personally, I’ll never feel neutral about that word) in Australian drama leaves a lot to be desired. Kapiniaris broke ground with his character DJ in The Flying Doctors.

Even so, he had to fight initially to make his character Greek instead of Italian!

Last year Neighbours introduced the character of Poppy Skouros - a friend of Jason Donovan’s character, Scott Robinson. Poppy - who, it was rumoured, was brought into the show to counter complaints of the utterly Anglo nature of Ramsay Street -

when Australian TV takes chances, execs hold their collective breath, critics go into paroxysms of congratulation and the nation generally sits back and falls asleep. What’s wrong with that sentence? Well, of course, Australian TV never does take chances.

In fact, you’d be forgiven for thinking that there’s really only one element that separates Acropolis Now from the rest of Australian ‘ethnic humour’ - it’s not just about how funny wogs are, it’s by and about them.

Nevertheless, when the Seven Network made a deal last year with members of the Wogs Out of Work theatre ensemble for a half-hour comedy show about a Greek cafe, they did seem to think they were being remarkably brave. It was a progressive step; after all Mark Mitchell’s Con the Grocer on Ten’s Comedy Company was extremely safe because Mitchell is really Anglo-Saxon.

As it happens, despite its numerous faults, Acropolis does benefit from its authentic feel. Mary Coustas, who plays Effie in the show (and who may well be starring in an Effie spin-off next year), told me of the enthusiastic response that the Wogs audience, especially kids of Greek parents, used to give her if they saw her in the street or in the theatre foyer. And George Kapiniaris, who co-writes the show and plays the part of Memo, says that the Greek community in Australia “love it all”. “They can really relate to what we’re doing on TV and they feel special because we’re doing something...well, we’re telling our own stories. Our comedy comes from life experience. Talking from a Greek point of view, but...we’ve got Spanish characters, Italian characters, we’ve even got skip characters so everyone gets a bit of a go and everyone gets shit hung on them, too!”

Though the Acropolis cast first became known through their provocative wogs title, Kapiniaris now seems keen to downplay the ethnic angle. “We don’t want to do issues,” he says.

Acropolis Now is Australia’s first ‘ethnic’ TV sitcom. David Nichols spoke to co-writer and actor George Kapiniaris.

Bewdiful

WEN AUSTRALIAN TV TAKES CHANCES, EXECs HOLD THEIR COLLECTIVE BREATH, CRITICS GO INTO PAROXYSMS OF CONGRATULATION AND THE NATION GENERALLY SITS BACK AND FALLS ASLEEP. WHAT’S WRONG WITH THAT SENTENCE? WELL, OF COURSE, AUSTRALIAN TV NEVER DOES TAKE CHANCES.

IN FACT, YOU’D BE FORGIVEN FOR THINKING THAT THERE’S REALLY ONLY ONE ELEMENT THAT SEPARATES ACROPOLIS NOW FROM THE REST OF AUSTRALIAN ‘ETHNIC HUMOUR’ - IT’S NOT JUST ABOUT HOW FUNNY WOGS ARE, IT’S BY AND ABOUT THEM.

NEVERTHELESS, WHEN THE SEVEN NETWORK MADE A DEAL LAST YEAR WITH MEMBERS OF THE WOGS OUT OF WORK THEATRE ENSEMBLE FOR A HALF-HOUR COMEDY SHOW ABOUT A GREEK CAFE, THEY DID SEEM TO THINK THEY WERE BEING REMARKABLY BRAVE. IT WAS A PROGRESSIVE STEP; AFTER ALL MARK MITCHELL’S CON THE GROCER ON TEN’S COMEDY COMPANY WAS EXTREMELY SAFE BECAUSE MITCHELL IS REALLY ANGO-SAXON.

IT’S A LUXURY FOR THAT MIDDLE 50% OF THE POPULATION THAT WE THINK OF AS MIDDLE CLASS. IT’S A LUXURY THAT, TO A LARGE EXTENT, BLACKS IN AMERICA DO NOT HAVE. IN A CERTAIN SENSE YOU CAN SEE RAP AS OUTSIDE EVERYDAY LIFE, ATTACKING, DESIRING IT PERHAPS, BUT ALSO RESENTING IT. I THINK IT IS PROBABLY THAT TENSION WHICH IDENTIFIES THE TENSION BETWEEN THE STRATEGY OF CAPITALISM IN THE UNITED STATES AND ITS RELATIONSHIP TO ROCK CULTURE.

WHAT DO YOU THINK IS PARTICULARLY NOTABLE ABOUT MUSICAL TRENDS IF YOU CAN SUMMARISE WHAT IS HAPPENING IN THE 1990S?

IN SOME WAYS, THE MUSICAL TRENDS OF THE UNITED STATES IN THE PAST DECADE HAVE BEEN THE MUSICAL TRENDS OF OTHER CULTURES. FOR EXAMPLE, THERE IS THE INCREASING APPEARANCE AND THE POPULARITY OF VARIOUS WORLD MUSICS AND WORLD BEAT MUSICS. CERTAINLY, THE MOST INTERESTING THING GOING ON IN POP MUSIC AND ROCK CULTURE TODAY IS ITS AMBIGUOUS, UNDECIDED RELATIONSHIP WITH RAP.

I TEND NOW TO INCLUDE RAP AS PART OF ROCK CULTURE BUT CERTAINLY THERE ARE REAL ANTAGONISMS BETWEEN THEM.

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“WE WANT TO BRING IN AN ASIAN CHARACTER...IT’D BE GOOD TO HAVE AN ASIAN BECAUSE THEY’RE MORE OR LESS WOGS. WOG MEANS ANYONE WHO’S NOT ANGO-SAXON.”

KAPINIARIS TALKS OF A “WOG PACK” OF YOUNG ACTORS WHO ARE MAKING A NAME FOR THEMSELVES IN AUSTRALIAN THEATRE, FILM AND TV. BUT, EVEN NOW, THE DEPICTION OF WOGS (PERSONALLY, I’LL NEVER FEEL NEUTRAL ABOUT THAT WORD) IN AUSTRALIAN DRAMA LEAVES A LOT TO BE DESIRED. KAPINIARIS BROKE GROUND WITH HIS CHARACTER DJ IN THE FLYING DOCTORS.

EVEN SO, HE HAD TO FIGHT INITIALLY TO MAKE HIS CHARACTER GREEK INSTEAD OF ITALIAN!

LAST YEAR NEIGHBOURS INTRODUCED THE CHARACTER OF POPPY SKOUROS - A FRIEND OF JASON DONOVAN’S CHARACTER, SCOTT ROBINSON. POPPY - WHO, IT WAS RUMOURED, WAS BROUGHT INTO THE SHOW TO COUNTER COMPLAINTS OF THE UTTERLY ANGO-NATURE OF RAMSAY STREET -

ACROPOLIS NOW IS AUSTRALIA’S FIRST ‘ETHNIC’ TV SITCOM. DAVID NICHOLS SPOKE TO CO-WRITER AND ACTOR GEORGE KAPINIARIS.

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dropped the occasional whinge about her father's "old country" Greek ways and then went all out to seduce our Jase. She was, in fact, a device to help write him out of the show.

Poppy and DJ aside, the migrant content of Australian TV has been limited - with the notable exception of Family and Friends, the Nine Network's soapie based initially on Romeo and Juliet, and which featured an Italian family doing battle with an 'Aussie' clan (though a few of the Italians were played by non-Italians). Unfortunately, Family and Friends was a ratings failure - which has presumably put the networks off the idea of migrant-related stories.

But comedy is a different matter. Paul Hogan was the first I can remember to launch a successful 'funny wog' on TV though, of course, Nino Culotta and the "Weird Mob" film preceded him by many years. Hogan was followed by the famous "Bloody Wog!" catch-cry of Ross Higgins' character Ted Bullpitt in Kingswood Country. And, of course, the aforementioned Mark Mitchell has kept the spirit of the funny wog shopkeeper alive and well.

George Kapiniaris claims (and I don't doubt him) that parts of Mitchell's Con act are taken from his, Kapiniaris', own stand-up comedy routine.

It's certainly had enough of an air of authenticity to appeal to a large sector of the Greek community, including, of course, greengrocers everywhere. One of my local grocers has a Con sticker on his cash register. Another took to saying everything, everywhere was "bewdiful" - overnight!

It's hard to tell if Acropolis Now rode into prime-time on Con's apron-strings - I suspect not. Even if it did, it is definitely more well-rounded and interesting than Mitchell's character.

Unfortunately, that's still not enough. Acropolis has the elements of a compromise, despite its very talented participants, who have made themselves lowbrow for the mainstream. Like Seven's other home-grown comedy success, Hey Dad!, its rare flashes of brilliance are more to do with character humour and weirdness (and good acting) than funny gags or plots.

We can only hope that, as the team becomes more accustomed to TV - and a little braver - they will be able to give us something truly original in comedy.

DAVID NICHOLS is a freelance writer for teen magazines.
SPORT AND LEISURE: TRENDS IN AUSTRALIAN POPULAR CULTURE

This is another set of thought-provoking essays edited by Rowe and Lawrence, a sequel to the 1986 collection entitled Power Play which concentrated solely on sport. As they point out in their introduction (which, it must be said, is sometimes a bit too self-serving), the addition of leisure is crucial to a real understanding of what is happening to sport as a whole.

Perhaps because of that realisation, the essays in the leisure section here are collectively fresher and more stimulating than those in the sports section. In particular, I found Jon Stratton's piece on tourism as leisure most stimulating, the message being that tourism has become increasingly integrated as a factor within consumerism during the course of the last hundred years of capitalist maturation. The implications for tourist sites are immense, particularly in the developing world, where exploitative tourism has replaced exploitative economic imperialism. As, for example, in former sugar-producing colonies in the Caribbean entities and Fiji.

Rob Lynch maps out a much-neglected area of social research in New South Wales, especially that of the licensed clubs and their poker-machine playing patrons who produce a major budget line item. Similarly, Gay Hawkins investigates one of the theme parks which are becoming so prevalent in the Australian leisure landscape and provides some useful avenues by which these capital accumulations, by way of leisure/pleasure-provision institutions, might be analysed and interpreted.

The most interesting papers for me in the sports section were those by Toby Miller, Lindsay Fitzclarence and Patrick Heaven/David Rowe which focus upon the body as a contested site. This is becoming a popular area of social research in the field of sports studies and, while much of its genesis lies with Foucault, has the intellectual bonus of drawing together across disciplines many of the strands of preoccupation. Miller's paper is particularly significant here as he investigates the Duncan Armstrong saga from the integrated viewpoint of, as he describes them, three regimens of knowledge: the educational/disciplinary, the sexual and the televisual. The result is an incisive interpretation that expands our existing understanding.

That cannot be said for all the papers in the collection for reasons which can be grouped into two main categories.

First, as with much of the writing in Power Play, there are wide-ranging assumptions about what Australian sport was like in its pre-1970s form. In Bruce Wilson's piece about the commercialisation of football, for example, the key theme is about how the Sydney and Melbourne codes have been appropriated from their previous 'owners'. At one level that is all well and good, but it glosses over the pre-extant conditions. The arguments about Collingwood and Balmain being 'working class' teams do not negate the point about either commercialisation or the niceties of social hierarchy. Very early in the histories of many clubs, community identities used those clubs for capital accumulation or for the exercise of social power, even though club members technically all identified with the community's interests and were drawn from the same socio-economic caste. As in the case of much writing about the sport/television nexus, intellectual coolness has often been replaced by idealised romanticism. That leads to the second major problem with many of the essays. In an endeavour to do away with the dreaded empirico-positivism deemed to be the weakness of most other writings in the field, this collection represents almost an 'anything goes' theoretical proliferation under the guise of postmodernism.

While postmodernism as a construct provides useful insights (as the editors point out in their introduction), it also provides an easy out in the service of interpretational neatness.

Ian Harriss, for example, arrestingely identifies Packer's impact on cricket as symptomatic of a postmodern consciousness. The argument, essentially, is that a once deep and meaningful game has gone the way of most cultural forms in a postmodern condition to become "a glossy surface without depth". It is a nice idea but, in this instance, flawed in two major
respects. First, in its depiction of test match and one-day games as equivalent to theatre and television, it not only depicts its essential location within the fruitless high culture/low culture debate, but also undermines the legitimisation of popular cultural forms so central to many works in this field.

Second, it plays several sleights of hand with the history and practice of the game itself. It is too easy, for example, to say that interwar cricket literature ceased to be dominated by issues of batting style in favour of praise for the great accumulators. Think of Jackson, Fingleton and Richardson in Australia and Chapman, Hammond and Pataudi in England, to name but a few at first class level, and the doubts are clear.

And it is just as easy to claim that one-day tactics are inferior to and less demanding than those of the traditional test match when, in practice, that is not necessarily the case.

The works of Jameson, Baudrillard, Eco and the rest are important to an understanding of the social condition in change, and the empiricists do need to learn from them.

But many of those who lionise the theorists without a deep appreciation of actual practice and historical evolution run the grave risk of never allowing the evidence to get in the way of a good interpretation. The good papers here marry theory and practice, the weaker ones do not.

BRIAN STODDART is at the Centre for Sports Studies, University of Canberra.

When I heard Dorothy Hewett read a part of her autobiography Wild Card earlier this year I knew that it was a definite candidate for my reader's list. She chose to read the section about her unique journey to the Pilbara in December 1946 to write the story of Aboriginal stockmen on strike since May for 35 shillings a week and their keep. She met their leaders Don McLeod and the Aboriginal Clancy McKenna, but not Dooley Bin Bin who was being hunted by the law and was out in the country organising the strike.

From this experience came her famous ballad Clancy, Dooley and Don McLeod:

Clancy, Dooley and Don McLeod
Walked by the wurlies when the wind was loud.
And their voice was new as the fresh sap running
And we keep on fighting and we keep on coming.

The book takes us through the first 35 years of Dorothy Hewett's remarkable life, from a comfortable middle class existence on a West Australian wheat and sheep farm to becoming a dedicated communist and factory worker and to the eventual realisation that much of her political idealism had survived.

"Oh God," we cried. 'Oh, God! Is that the house?'

The reality stands in stark contrast to the author's reassertion of the heart's fidelity to childhood memory.

Yet it is not so much the events in this book which make it a fascinating and sometimes disturbing journey for the reader. It is the author's struggle to realise a talent present from early childhood. "I have my vocation...there is nothing I can do about it...Words fall out, I am possessed by them."

This talent is "outside sex, and yet my sex is part of it" she writes and both these desires, fuelled by rebellion against the authority of her parents, take her during adolescence to the point of suicide. During her life she is "suborned" into all the roles of "daughter, sister, lover, wife, mother, grandmother, domestic treasure", though for the latter vocation she confesses only a clumsy and half-hearted dedication.

Readers familiar with the author's earlier play The Chapel Perilous will recognise some familiar territory. The young Dorothy and Sally from the play are as one in the passionate declaration, "Life's not an abstraction. It's not a set of rules or a great sacrifice of the self! It's all we've got, and I'm going to live it to the fullest stretch of my imagination." The difficult trick for those as brave as Dorothy Hewett or even for those of us who lack such imagination and courage is how to engage in all of life's experiences without doing irreparable damage. Such an ambition poses particular hazards for women seeking reaffirmation in the eyes of another that we are truly immortal when the attractions of conventional beauty and sexual desire are so often confused with love and true friendship.

Yet paths of quite a different kind are no less hazardous, as this book reveals. However, it is not a theoretical manual on life and its hazards. It is part of one woman's life - it is moving, sad, powerful, wryly humorous - and it will touch the lives of its many readers in a multitude of ways. As with the writings of such women as Simone de Beauvoir who have had the courage to reveal some of their most intimate experiences it does provide new insights into the universal experiences of women.

Dorothy Hewett is a rebel who has spurned the orthodoxies of her class, of her sex and the political norms. None of this rebellion has been executed without cost. John Pilger's words on the front cover of the book are an apt summary of Wild Card: "Like the author, it is passionate, eloquent and, above all, wise."

JOYCE STEVENS isn't yet a household name in Australia (although God knows that she should be) and consequently needs a biography....
Divine Dining

An Angel at My Table, directed by Jane Campion. Opening at the Academy Twin, Pitt Centre and Walker cinemas, Sydney and the Longford and Brighton Bay cinemas, Melbourne on 21 September. Reviewed by Kitty Eggerking.

An Angel at My Table is not so much a film as an album of snapshots from the life of New Zealand writer Janet Frame. Jane Campion is the director in the sense that she's the one turning the pages. The earliest pages are flicked through, piling image upon image in hasty succession and lingering only occasionally to savour some important incident from the Frame family mythology - brother Bruddie's development of epilepsy, elder sister Myrtle's drowning - or some milestone on Frame's private path to "being different".

The opening shot of a girl standing on a long white country road is one of these, though the film does not mention its significance: it was the place where Frame first experienced loneliness and sadness as things, elements, external to her, as "something carried on the wind". The incident of the chewing gum is another of these private milestones, from which she earned the shaming title of 'thief', a perplexing outcome for a girl who simply had taken money from her father's pocket and generously bought chewing gum for the whole class.

The film follows Frame's three-volume autobiography in structure and, for the most part, content. It adopts the titles of the volumes as sub-titles for its three parts: To the Is-land, An Angel at My Table and The Envoy from Mirror City. It is in the later parts that the page-turning slows and gives way to the detailing of various incidents, which become episodes in a more steady storyline.

Discovering difference, succumbing to the difference, and living with the difference would be apt sub-headings, since the film, like the books, explores the life of Janet Frame from seemingly well-adjusted kid - with a penchant for words, books and secret places - to excruciatingly shy and awkward adolescent whose condition is not helped by having one outfit to her name - a grey serge school tunic - and then on through the torture of eight years in the Seacliff psychiatric hospital until emerging, miraculously 'normal', as a mature writer, who wins a travel grant to live in London and Ibiza, off the coast of Spain.

There is much here that is rich and makes for a very striking, though gentle and understated, film. Campion, together with script writer Laura Jones, has sensitively adapted Frame's autobiography to the screen, and has done a superb job in preserving the mood and tone of the books.

Naturally, choices about inclusions, omissions and characterisations have had to be made. One of the most difficult is the bland rendering of the family as stolid working class, whereas Frame portrays the family, especially in To the Is-land, as delighting in puzzles, books, poetry and good-natured mayhem. Certainly Mum (Iris Chum) is not one for idle chatter, though in the film she is denied her poetry, stories and songs which, according to Frame, she would compose or recite all day as she went about the household chores. Mum the accordion player and Dad the bagpipe player are not to be found in the film, and this is the film's most noticeable lapse in judgment.

The choices are difficult, for there is too much in the original biography that clamours to be filmed. The plane trip home from the hospital after Mum's heart attack, living in a tent when she's finally released from hospital, working as a waitress in Dunedin or as an usherette in London, the sojourn at Paula's beach house, tea with the aunts before leaving New Zealand, searching for the elusive chess set in London and the interlude in Andorra (it was here rather than the London bedsit of the film that the miscarriage occurred) are all visually tempting, all contenders that have had to be dropped. As it is, the film is bursting with images, and has, we're told, Janet Frame's blessing.

An Angel at My Table has all the emotion and plot which are generally said to be lacking in antipodean films. It is a joy.

It is a film for anyone who has ever perceived themselves as "being different", but especially for those of us who endured or suffered, rather than revelled in, adolescence (in a serge uniform squirming in case the monthly showed) and for those whose shyness drove them to books and writing, rather than sitting and talking about such pursuits in cafes.
CONSUMING PASSIONS

Dearth of Mirth

Australia currently has no prominent satirical magazine appearing more frequently than quarterly. Whether this is a reflection of absurdly stringent libel laws, the monopolistic nature of magazine production and distribution, or simply an atrophied political culture, it's a pretty deplorable state of affairs.

Freedoms which aren't exercised are always liable to be taken away, and a healthy scepticism about the all-encompassing wisdom and competence of politicians and 'important people' is surely one of the most obvious signs of a society confident of the strength and value of its pluralism. Given the sense of humour and disrespect for authority which are so integral to Australia's national self-image, it's a pretty cringeworthy spectacle to see the supposedly larrikin spirit transferred so feebly to the printed page.

Any examination of the current state of Australia's satirical magazines has to begin (and almost end) with The Eye. Now appearing only quarterly, The Eye seems to be on its last legs, but it has never really succeeded in capturing the public's imagination. This is possibly due to the circumstances of its birth, the acrimonious departure of Brian Toohey from Fairfax. The raison d'etre of the magazine has always been Toohey's commitment to independent investigative reporting, rather than an overwhelming urge to make people laugh just for the hell of it. (Ironic ly, a parallel could be drawn here with the The Independent Monthly, brainchild of Toohey's old Fairfax foe, Max Suich, particularly in their monotonous use of former or current Fairfax journos - in a way the two publications are simply a new means of pursuing an old quarrel.)

As a result, The Eye has continued to publish good straight stories (albeit on fairly predictable topics), but the satirical element has always seemed, to me at least, rather heavy-handed and unnecessarily convoluted. The Eye's approach is to bludgeon its targets with abuse and vitriol, often making them look clever and dangerous rather than ridiculous. Like its late, lamented predecessor Matilda, The Eye also succumbs too often to the temptation to borrow shamelessly from Britain's Private Eye (even down to the name).

What ultimately makes The Eye far less effective than its British mentor is its all-too-obvious political stance, and, above all, the cardinal sin of taking itself far too seriously. An example is its po-faced self-promotion as "magazine of satire, comment and independent reporting" which is "attempting to fill the gaps left by the Big Boys and inject a little humour". It always reminds me of the prompter for a TV sitcom audience holding up a big sign saying 'LAUGH!', just in case you're not sure if it's appropriate.

Because The Eye is genuinely independent and admirable in its intentions, it almost seems disloyal to criticise it. However, it fails the acid test of any satirical publication: does it make you laugh? The answer in the case of The Eye has to be 'not nearly often enough'.

Although no doubt Brian Toohey would decry anything which smacked of the free market, he could hardly deny that The Eye is desperately in need of a stiff dose of competition. The rest of the field is nowhere. The only other magazine worth a mention (which I have come across at least) is Brisbane's Cane Toad Times, which manages to drag itself into public view "about twice a year" according to one of the editors. It's barely worth the wait. CTT manages to fill up 50 A3 pages without raising much more than a mild titter. The articles are typically long-winded, grossly self-indulgent and largely concerned with nostalgic reminiscence (incinerating ants with a magnifying-glass - craaaaazy!), drugs, sex and tediously repetitive diggs at Sydney and Melbourne.

Like The Eye, CTT reveals much through its self-image - you can always be sure that anyone persistently describing himself or herself as 'weird' or 'eccentric' almost certainly isn't (except Hunter S. Thompson). The most damning indictment of the magazine in the issue I saw was the revelation that The Big Gig is their idea of great television - I mean, how weird is that. On the cover, CTT carries the bold tag, "Australia's Humour Magazine". 'LAUGH!' And that, it appears, is that. The only other magazine aspiring to satire which I've seen in the shops in the last year, was the execrable Tom Thumb, which was so bad that it wasn't even worth the cover price to take it out of the shop and find out who published it (except perhaps to write them a rude letter).

Satire is not dead in Australia, nor is its market - purveyors of incisive, rude, self-deprecating and often hilarious comment do exist, and have a huge audience. Unfortunately for magazine addicts, they're only on the radio, between 2.00 and 6.00 on a Saturday afternoon. Is the Slaven-Nelson Corp. destined to be the only light in the darkness?

Mike Ticher.
LETTERS

Biking with Beethoven

Thank you for your letter telling me I had won a bike in your new subscriber’s competition. When I got your letter I hadn’t opened the June ALR so it was a pleasant surprise to hear I had won. I went to Sydney this last weekend and picked out a bike and rode it around Centennial Park.

I haven’t owned a bike for 25 years. The last one I had was in Bolivia - I rode around rural communities on the Altiplano at an altitude of 12-13,000 ft with the tranny on the handlebars playing Beethoven.

This new bike I have left in Sydney for my daughters to use, but will reclaim it in a few years and ride off into the superannuation sunset with Beethoven & co.

Many thanks,
Mary E. Wilkie,
Armidale, NSW.

An apology

In his article Decline and Fall? (ALR 120) Stuart Macintyre twice referred to statistics drawn from the research of Andrew Scott. (See Andrew Scott’s article in this issue, P32-33 above).

His acknowledgement for those statistics was accidentally deleted in proof reading.

Our apologies to Stuart Macintyre, Andrew Scott and our readers.

Don Cochrane,
Penguin, Tas.
Now that the cold war has been declared ‘over’, the vital centre of world affairs seems not to be the nihilism of deterrence but the unsettled power-plays of the Middle East. Sometimes it seems that if the Middle East didn’t exist, the media would have had to invent it. Conveniently, the petrodollar crises and the rise of militant Islam appeared to provide a handy stand-in. Recently the relationship of the Middle East and ‘Islam’ to the West in the media has become a somewhat more complex issue, even if the media tries valiantly to reduce it to a simple ‘us and them’ cartoon scenario. Presumably there are good ‘Arabs’ (who are ‘like us’ - and like us) and bad ‘Arabs’ - who aren’t and don’t, and who are armed to the teeth.

This is in the great tradition of real-politik, where international rivalries are fuelled by political and economic factors within those societies, pushing them outward in an expansionist grab for power. Beneath the neat morality play plotlines of the cold war there was always such a level, even if it appeared lost to the power holders as much as the television viewers. As if to underline this point, the Soviet Union is contributing ships to the blockade of Iraq. Ironically, the term ‘cold war’ was coined by a 14th century Spanish writer to express the power rivalries between Christians and Arabs in Spain, so there is a strong precedent for the construction of a simple-minded morality play here - if only history weren’t so messy.

That Saddam has responded to the troop build-up in Saudi Arabia by taking ‘hostages’ is hardly a novel aspect to this terrible crisis. The cold war was nothing but a permanent hostage crisis. The originality and the danger of this situation lies in its complete asymmetry. The American and Russian military capabilities made each nation’s home population a hostage to the wellbeing of the other. Here, a population is being held hostage, not on its own ground, but that of the other. In case the meaning of this was lost on the Western powers, particularly Britain and the United States, the television programs graphically demonstrate this new logic.

Saddam’s weapon is the holding close of Western hostages at strategic sites. This weapon is given added force by coupling it with another weapon: television. The message that some of ‘our’ people are being held close in his domain is inserted as close to home in the West as it is possible to go: right into the living rooms of millions of Americans and Britons. Television is the trigger for yet another weapon - public opinion. Those poor people being held in Iraq are not exactly hostages, although I do not mean to belittle their tragedy by denying them that status. They are prisoners of war, for the TV news bite has eliminated the distance between the battle and the home front as effectively as nuclear missiles have. They are also a stockpile bombs. Saddam is fighting with misses for where he has no missiles; fighting on the Western home front with the weapons of public opinion.

Like the weapons of the last cold war, these can backfire. Certainly at the outset, public opinion was horrified by the hostage-taking and rallied behind Bush and Thatcher. The taking of hostages is immediately associated in the Western imaginary with the evil that is the Middle East. Newspaper reports haul out long strings of stories about hostages held by pro-Iranian groups at the time when tension between Iran and the West was at flashpoint. The fact that Iraq received ‘our’ support at the time; the fact that the US is making overtures to Iran now are blithely ignored as the media attempt to sort out who the bad guys are. As we watch the wheels of television’s supple if obtuse imagination turn, we are watching what Edward Said calls orientalism at work. As Said says: “One aspect of the electronic, postmodern world is that there has been a reinforcement of the stereotypes by which the Orient is viewed. Television has forced information into a more and more standardised mould. The stereotypes built up during the Western conquest of the Middle Eastern edge of the Orient in their imperial writings and reports are at one and the same time a powerful knowledge through which Western power is still asserted in the region, and a misleading discourse which gives us demonically simple images.
of the complex reality of the Middle East."

Part of the imperial dominance of the Middle East includes the influence of Western media, academia and popular culture there, including our simple-minded stereotype of the 'Arab'. Perhaps Saddam is playing up to the cliched image of the bad, mad and dangerous Arab he has learned from 'us'. The striking thing is how well Saddam seems to be playing this media game. With few weapons to take the conflict to the Western powers, Saddam found a way to lob a bomb directly into Western territory, right into every news-watching home in the Western world. While thousands of third world refugees fight for food in Jordan, a few Western women and children, released with impeccable public relations timing, capture the attention of the world media. A cynical business all round.

Some American commentators have been beating their breasts about the vulnerability of democracies to media manipulation versus the complete media control Saddam and the Ba'ath Party has in Iraq. To some extent this misses the point. States with totalitarian media are vulnerable too, if not in quite the same way. While Iraq states, as a matter of policy, that it wants the Americans out of the Gulf, on an ideological level it needs them there very badly. The legitimacy of the Ba'ath regime, the justification for the terror, the show trials, the militarisation of everyday life, is based on a paranoid ideology which stresses the need for strength against the three great evils of imperialism, zionism and Arab reaction. Imperialism and Arab reaction appear at the moment to be very close indeed.

The bizarre accusations made in Iraqi media that some US troops were really Israelis in disguise is clearly an attempt to make it appear to Iraqi citizens that all of the enemies the state has taught them to fear are massing at the borders together. The Western media dismissed these accusations on the grounds that they weren't true, but that misses the point. In the media enclosure within Iraq, implicating the Israelis is a logical part of the ideological story, as necessary to the ideological narrative as the attempt in the West to make Saddam a personification of Islamic evil. The fact that Saddam as a mad mullah is as untruthful an image as disguised Israelis is neither here nor there. Both are logical excrescences of paranoid ideologies responding fearfully to events going out of control. The global media have the unfortunate effect of bringing these monstrous myths face to face on TV, blowing them up to grotesque proportions, scattering them like fallout across the globe.

On an ideological level, the military reaction by the US to the invasion of Kuwait could be the best thing that ever happened for Saddam, and makes his belligerent and costly rule seem more, not less, legitimate. In a state where 30% of the workforce is tied up in the police and the army, the appearance of a massive external threat strengthens the position of the repressive state. Saddam appears on Iraqi television for countless hours a week trying to convince Iraqis that there are enemies both within and without seeking to subjugate Iraq. Carefully stage-managed show trials reinforce this spectacle. The US has unwittingly furnished a reality to back up the spectacle, while the global media vectors have turned a geopolitical conflict into an ideological saga with unprecedented speed.

Whether or not this war is over by Christmas, perhaps we should get used to the speed with which conflicts become implicated in global information wars. Perhaps the hostage here is television itself. No longer an innocent bystander, television is forced onto the frontline, and forces the frontline into our living rooms for nightly salvos. The old cold war might be over, but television is still sharpening its teeth.

Police and army, this little pawnie stayed home...

McKenzie Wark.
DEAR DR HARTMAN

Spring Fever

Hello patients,

Well, Spring is here and the old psycho-sexual juices are beginning to stir again. You suddenly find yourself staring at attractive strangers a little too long. You start thinking about taking off all those layers of clothes and going for a swim. You suddenly remember that you’ve actually got a body, and soon you’ll be at the beach and other people will be looking at it.

Here is a typical Spring experience. You wake up one morning and the sun is shining. It feels warm on your arms as you drive to work. You smile with pleasure and pull up your sleeve. You might as well start that tan right now.

You get a red light, so you stop, and sit waiting for the lights to change. Your eyes wander outside the car and, before you know it, little frisky thoughts start popping into your head. You’re watching the pedestrians and you hear yourself think, “eh, that one looks lovely”.

It’s at this point that alarm bells start going off, if you are in a long-term relationship. You think to yourself: “Be careful. Don’t bugger things up at home by indulging in some springtime nooky on the side.” You pull down the sleeve of your jacket, you wind up the windows of your car, you want to pretend it’s still winter, so you can avoid the psycho-sexual pitfalls of Spring.

I had a lass in just the other day, a sexual survivor of the sordid 70s, who has now settled down into a loving and stable relationship with a partner who is intellectually and sexually satisfying. She knows that anyone in their right mind would work to maintain this relationship for as long as possible.

However, this patient told me each year as Spring comes around, she begins to experience deep, dark, dangerous and dirty feelings for any unsuspecting spunky stranger who catches her eye. Last week she lay on my couch in complete despair and cried out, “Doctor, my partner won’t put up with any more infidelity and I don’t want the inner turmoil it always brings. But I keep thinking that there’s nothing quite like the anxious thrill of an encounter with someone new. So what can I do? Do I need a psycho-sexual lobotomy?” I wrote her a bill and told her to bring her partner to see me next week.

Quite simply this lass is too far gone to reason with and I’ll have to deal directly with her partner. In this case the Dog Training Approach may be necessary - put her on a choker chain when you take her out, hit her on the nose with a rolled newspaper if she looks at anybody else, and when you get her home each night, make her turn around on the bed three times before she curls up and goes to sleep. That way she’ll know it’s definitely her spot.

Patients, there is no simple solution to the age-old psycho-sexual dilemma of how to stop your partner from running off with someone else.

In my clinical experience, every couple is different. But here’s a check list of long term maintenance strategies that have worked for some of my patients. Take what is useful to you and leave the rest.

1. Make a will leaving your partner everything, on the condition that they stay with you till the grave.

2. Write down something really damaging that your partner has told you, and put it in a bank vault. Then tell your partner that if they ever try to leave, you’ll give the information to 60 Minutes and, even more frightening, to their mother.

3. Have sex at least once a week, even if you don’t feel like it. What distinguishes a friendship from a relationship is nooky. Do whatever you must to get yourself going. Achieve coitus outdoors, aroused by the fear of getting caught. Try new things, even if they seem clinically silly.

4. Don’t make small talk in the midst of intimate sex play. For example, don’t mention that the car needs a pink slip while your partner is down the bottom of the bed connecting with a crucial piece of your anatomy. While chit-chat and little jokes may ease the tension in the early days of a relationship, later on it just indicates that you’re distracted and fundamentally unmoved.

5. Do not ever wear your socks to bed. Research has shown that this is the major underlying cause of most divorces in this country.

6. Boredom and complacency are the enemies. Here are some antidotes.

Initiate little overnight surprises and take full responsibility for organising them. Make a booking at a luxury city hotel, arrange room service for dinner and then pick up your partner from work and take them to the hotel room for a wonderful night of play. You’re both back at work by 9 am the next morning, and you feel great!

Of course, the best antidote for boredom is genuine change. Try to change fundamentally as a person during the course of your relationship. Several times if necessary.

Keep learning and questioning yourself and changing with the times. Don’t cling to communism, join the New Left Party. If you’ve always loved opera, go mad for football. If you’ve never wanted children, have one. If you’ve been a no nonsense/no make-up feminist, get a job marketing Lancome.

7. Most importantly, pull your weight financially and with housework. If you really want a relationship to last a long time you must face up to the fact that nobody respects a bludger. Resentment will ultimately white ant a relationship.

Send your problems to Dr Hartman’s secretary, Julie McCrossin, care of ALR.
Give us a piece of your mind...

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Vic Bird
ex-reader

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Australian Democrats

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Caroline Jones
ABC Radio,
The Search for Meaning