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journalists were 'on balance' helpful, pointed the finger at everyone - except the barrage of information which has perhaps predictably, this crucial element. In the aftermath, Fitzgerald acknowledged the role played by the media most. But, in his report Fitzgerald trod a finely-balanced path - particularly the operations of public-funded government media units and press secretaries" as responsible for having contributed to the media becoming a dependent mouthpiece for vested interests.

Of course, such observations are nothing new and those who are surprised by Fitzgerald's modest findings are deluding themselves. Although the precise relationship between media and audience is problematic, media influence on swaying public opinion is generally acknowledged - especially when media are the only sources of information available. For years, the Queensland media have been accused of failing to take control of the news they cover and of being manipulated by establishment sources.

Recent revelations have linked Queensland Newspapers' managing editor Ron Richards with former Queensland Police Commissioner Terry Lewis - the two have been friends for years. Lewis, now before the court on corruption and perjury charges, was able to convince Richards of the need to publish the top cop's exclusive story. Richards has not confirmed or denied that Lewis was paid $30,000 for the series of articles. It was one of several

articles published in The Courier-Mail which appeared to favour Lewis' position - "an ordinary journalistic exercise" Richards has claimed. Bjelke-Petersen's efficient media management, by his former press secretary, Allan Callaghan - recently released from prison on fraud charges - is often cited by journalists as a compelling reason why it took so long for a program such as The Moonlight State to be broadcast nationally.

Conveniently missing are explanations which recognise the high level of self-censorship among journalists, and their unquestioned reliance on government handouts and leaks - it was common knowledge in state political reporting that self-confessed tax cheat and former Queensland Cabinet Minister Don Lane was a key source of state cabinet leaks ... his nickname was 'the tap'. For years, a publicly-funded political propaganda program for the National Party, called Queensland Unlimited, was broadcast on commercial television throughout the state. Few journalists bothered to question its costs - more than $1 million a year - or its message. It was laughingly referred to as the Joh Show - a harmless product of good old Joh. A joke.

How many times were Bjelke-Petersen's predictable 15-second retorts published and referred to as "classic Joh", apparently regardless of the need to seek answers to pressing political questions? How often did journalists - particularly television and radio journalists - get together to decide on a questioning strategy with the elusive Premier instead of slugging it out individually? It was all part of the journalism culture which grew in parallel with other forms of institutionalised corruption.

Sources are vital for journalists, with the constraints of deadlines, few resources and often unsupportive management - particularly in Australia which boasts one of the most concentrated systems of media ownership in the developed world. This may partly explain why there is so much reliance on public relations handouts in Australian journalism.

For too many journalists, a stick, apparently well-researched news release - whether hard copy, audio or video - is much easier to process than making a
dozen or so telephone calls to verify the information or even to reveal another aspect of the story not quite so complimentary to the particular source involved.

The Australian Journalists Association has so far failed to come to grips with the formidable task of tackling professional education of its members. The association is under-funded, under-resourced and barely able to keep up with industrial matters. A 10-clause Code of Ethics for journalists is vague and contradictory and is seldom, if ever, found pinned on the walls of newsrooms. Journalism education addresses many of these issues but the socialisation process within newsrooms is a powerful neutralising force. The agenda followed by journalists in Queensland has been - and will continue to be - essentially that set by the government propaganda machine. The Queensland government - not alone in this - employs more than 100 journalists to ensure the media get the right message across. And it does this very well.

The lack of self-awareness displayed by the Queensland media means that the prospect for change is grim. Information relating to criticism of the media’s role in the Queensland corruption system has itself effectively been shielded from public scrutiny - a few passing references (mainly by ABC radio) hardly constitute a serious examination. There is an almost obsessive desire to secrete media processes behind the hollowed veil of editorial interference. Already, the media are beginning to lose interest in repeated calls for reform of electoral, criminal justice and administrative systems in Queensland. And the very structure of Queensland culture demands that the media, for so long either unwilling or unable to analyse their position, will inevitably continue to represent the dominant ideological viewpoint at the expense of responsible and much-needed reform.

Michael Meadows

Left in the Limelight

On the last weekend in July the Sydney media were given an ideal opportunity for a light article. Two conferences at the same place and time - one to discuss yet another united Green Party, the other to launch yet another Left party. The Sydney Morning Herald didn’t miss the chance and ran twin photos of half a dozen identically grouped people from the two conferences.

The photocap which followed showed something of the media’s preoccupations. Greens and the environment, after all, are in the news. And so three quarters of the caption reported their familiar concerns, while the launch of a New Left Party got a couple of tentative paragraphs.

Those who are exercised by images might have read something rather more interesting into the stagey photographs that dominated the article. The New Left Party group in particular may have been a surprise; first because its central figure was Aboriginal, and second, because at least two of its five were women.

It may not be too surprising that a left party today is acutely conscious of the need to dispel the caricatures of socialists as a group of dour, middle-aged male union leaders. It may be a little more surprising that a left group showed itself to be quite as aware as it was of using all mediums to project a message, rather than relying on the laborious mechanisms of conference declarations and press statements.

Of course, it is impossible to predict whether the new party will make the passage to robust political maturity over the next few years. The ailments of political infancy are legion. But there can be very little doubt about the impressiveness of its initial base. Although attendance at the launch was restricted to those who had endorsed its initial statement, and so it was deprived of the usual padding of interested onlookers, and although few interstate signatories could make it to Sydney, 400 people attended. And an interesting group it was too.

Political groups seem to spring up in one of two ways. Either there is a groundswell of grassroots enthusiasm with little or no participation of people in positions of political influence (and here I am not considering the occasional imported superstar), or they are declared from on high by a handful of political leaders. The New Left Party launch was almost unique in its mix of the two groups. There was no shortage of people with long political histories and in most cases considerable political influence in their areas of work. This was by no means restricted to those who spoke at the opening session (before the conference got down to two days of more practical work), but they are a good indication.

The spread of conference participants was impressive. Perhaps most important, it joined together people with years of political experience in a number of political parties and across a range of areas with others whose commitment to a new party is simply their disenchantment with Australian politics today. Half the participants are currently not members of any party and come from more diverse areas of work than might be expected. No doubt the majority were trade unionists. But a very large number were from the community welfare sector; and there were plenty of environmentalists, peace activists and some Aboriginal people.

All up, the launch presented a group of people from across Australia which promised a party with both the breadth and depth that will clearly be needed if a major new voice for the left is to appear. But appear to do what?

There is no doubt that there were a number of different answers to this from participants. Some of the hopes were imported from the variety of political backgrounds which have gone into the mix that makes up the new party. Many ex-ALP members are anxious for an electoral party along the lines of the best of the left of the ALP. Some members of the Communist Party (CPA), and of the Association of Communist Unity (ACU) want a reinvigorated Marxist party which arrests the fragmentation and decline of existing mainstream socialist parties. In between there
is a large group - some from existing parties, some non-aligned activists - who want to combine the strength and experience of the labour movement with the interests, approaches and activism of the widest range of social movements in a new mix and a new kind of party.

One wouldn't have to be too cynical to see this as a recipe for conflict and disaster. Unless there is an unprecedented willingness to understand other perspectives, to include objectives which are unfamiliar and, most of all, to make a realistic assessment of what can be achieved and when (without ruling out future objectives), the party can only tear itself apart.

But against all the odds, the auguries were good. The tearing apart might have begun at the conference (as it did at the attempted launch of the Charter process in Melbourne two years ago) when for the first time the competing interests gathered together en masse. But it didn't.

One event stands out - perhaps as a symbol - measuring this new spirit. At the request of the women's caucus a majority of the men attending the conference also met together to discuss issues raised by women participants. Significantly, it wasn't just the inner city 'new men' who attended this group. One leading trade unionist and leading figure in a traditional party was overheard to say that his credibility depended on being at the meeting, and his subsequent contribution was constructive and to the point.

There were no conversions on the road to Damascus. All the predictable complaints about workshop discussion, 50 percent representation of women on party bodies and the request that sexual politics be discussed were voiced in a style more like traditional union meetings than anything seen elsewhere in the conference. But there were also remarkable examples of lifelong communists and blue collar unionists smashing all the stereotypes as they argued passionately that unless the demands of women members were met the party would not be worth having. And there was an overwhelming commitment to continue such meetings.

As an example of forms of organisation the conference itself largely failed. Many workshop discussions fed into nothing, and those that were meant to, sometimes went badly awry. It is true that the discussions were largely intended to contribute to and provide a framework for the process of policy and platform development in the months leading up to a foundation conference early next year. But it was hard to escape the feeling that while the party was clear what it wanted to achieve, far too little thought had gone into how to achieve it.

Perhaps the greatest disappointment of the conference comes down to this. The final plenary was intended to finalise the Statement of Intention, discussed in earlier workshops, which was to announce the work of the party in coming months. Most agree that this plenary was something of a disaster, although a statement was agreed with overwhelming support.

There's no doubt it was an unfortunate way to end. But at the same time it wasn't an ending. It was only the beginning of months of work to hammer out the forms of a new party. And it might just be as well that the participants didn't leave with a rosy illusion that it's all in the bag.

Adam Farrar

Liberty and Death

The tragic murders of Kanak leaders Jean-Marie Tjibaou and Yeinene Yeinene back in May was a big setback for the Kanak independence movement. At its congress in September, the Kanak Socialist National Liberation Front (FLNKS) will have a good deal of rebuilding to do. The significance of the assassinations for the Kanak struggle was, however, all but obscured by an inept coverage in the overseas media.

In France and Australia, most media coverage of the assassinations presented the issue as a clash between 'moderates' and 'extremists' within the independence movement - with hints, or even outright accusations, that the assassin Djubelli Wea was part of a conspiracy supported by outside forces. Early reports named Wea as a member of the Front Uni de Liberation Kanak (FULK), a small party which has consistently opposed the Matignon agreement, and has gained international notoriety for its contacts with Libya. In fact, Djubelli Wea was not a FULK member. In the 1970s he had supported the Union Multiraciale, a party led by FULK leader Yann Celene Uregei, which broke away from Union Caledonienne and campaigned for independence from France. More recently, he had been a member of Palika, the second largest party in the FLNKS.

The neat media portrayal of Union Caledonienne as the moderates of the FLNKS, challenged by 'Libyan-backed extremists' of FULK or the marxist Palika, does not correspond with a more complex reality. The marxist leaders of Palika have often called for the use of non-violent mobilisations, realising that the balance of forces does not favour armed struggle against thousands of armed French troops. FULK has also sometimes opposed FLNKS 'active' boycotts. It was the UC general secretary Eloi Machoro who first accompanied Yann Celene Uregei to Libya in 1984 to raise the stakes in the campaign against France. The November 1984 electoral boycott was symbolised by Machoro smashing a ballot box with an axe, a photo that flashed around the world making Machoro a target for the French authorities who shot him down in 1985.

The leader of the group who took French hostages in 1988 was Alphonse Dianou, the youth leader of UC. Dianou, who had studied theology in Fiji, was a key organiser of the September 1987 balloon protest when men, women and children armed with balloons had rallied peacefully in Noumea's central square only to be ruthlessly beaten by French police. All members of the FLNKS have endorsed and practised a range of tactics, and Tjibaou, sometimes dubbed the 'Gandhi of the South Pacific', has also supported 'muscular mobilisations'.

One doesn't have to look to Libya or 'outside forces' to see how Kanak activists could have been forced to take up arms, nor to see how Djubelli Wea...
could be driven to the tragic assassination of his own leaders. The legacy of bitterness on Ouvea - site of the massacre of nineteen Kanaks in May 1988 - was context enough for Wea's desperate act. Many Kanaks feel pushed to violence by the intransigence of the French authorities and the settler population. Jean-Marie Tjibaou was capable of calling for calm and negotiations even after two of his brothers were among the ten Kanaks massacred by settlers in December 1984. Others saw the threat and reality of colonial violence as justifying their own resistance, yet the FLNKS has always tried to reach out to the 'victims of history', those long-term residents of Kanaky from other communities who must be won over if independence is to be achieved.

The FLNKS is a coalition of different interests and histories. At its founding congress in September 1984, the FLNKS brought together five political parties, a trade union confederation, a women's group and other supporters from church, land rights and human rights organisations.

Union Caledonienne remains the largest party in the coalition. A driving force in its foundation was Maurice Lenormand, a European sympathetic to Kanak aspirations who was elected to the National Assembly in Paris in 1951. Lenormand gained much of his support from associations created by the Catholic and Protestant churches which brought Kanaks and sympathetic whites together, and provided the Kanak population with an opening into territorial politics when UC was formed in 1953. It was not until the late 1970s, when others had called for independence and the territory had polarised, that UC adopted a program supporting independence from France.

Palika (Parti de Liberation Kanak) is another mainstay of the FLNKS. Palika had its origins in the militant student movement of the late 1960s, the Foulards Rouges (Red Scarves), founded by Nidoish Naisseline, the son of a grand-chief from Mara, one of the Loyalty Islands. From the outset, the Foulards Rouges and other activist organisations like Groupe 1878 focussed on independence rather than autonomy and had a preference for direct action.

FULK and the Union Progressiste Melanesienne (UPM) are two offshoots of UC. Veteran independence leader Yann Celene Uregei broke away from UC in 1970 to call for independence from France, and FULK and UPM, though small, are the base for a number of key activists in the wider movement. Other small formations in the FLNKS are the Parti Socialiste Caledonien (later the Parti Socialiste de Kanaky, PSK) involving a number of European and Caldoche activists; the Union des Syndicats des Travailleurs Kanaks et Exploites (USTKE, the Confederation of Kanak and Exploited Workers Unions); and the small feminist organisation Groupe des Femmes Kanakes et Exploitees en Lutte (GFKEL: the Group of Kanak and exploited women in struggle).

All these groups are signatories to the FLNKS Charter which defines the aim of the movement as Kanak Socialist Independence.

The strength of the independence movement has been its capacity to mobilise the Kanak population and other opponents of French rule, creating new tactics and structures which meld Kanak culture and tradition with new ideologies of Christianity and socialism, nationalism and internationalism, custom and modernity.

The movement has long relied on traditions of direct action, with land occupations, boycotts of alcohol or French businesses, barricades and protests. It has also created independent institutions, which have been recognised as 'indispensable structures' of the FLNKS: the local struggle committees; Kanak popular schools which teach the history and languages of the country rather than French culture; new media, like the newspaper Bwenando, or radio stations Djido, Kenu and Mara which challenge the rightwing domination of Noumea and Parisian information services; a network of co-operatives, which offer an alternative to commerce
controlled by large European trading companies, and provide an example of self-managed enterprises.

These alternative structures have suffered from a lack of funds and experience, but have provided a concrete example of popular mobilisation. Their dispersed and grassroots nature has caused vital and dynamic tensions within the movement, more significant than so-called splits between 'moderate' and 'radical' elements. There has been a constant tension between managing these Kanak-controlled initiatives, and 're-entering the colonial institutions'. When they gained control of three of the four regions established under the 1985 Fabius reforms, FLNKS cadres occupied key positions in the new regional structures of administrative power and economic development. Such structures can share resources and serve a welfare function for the rural population. But working through the institutions has been time-consuming; they are not always properly regulated; the flow of information is not always adequate and the effect of strong personalities or customary authority can threaten collective democratic control. The Fabius regions were effectively dismantled when the conservative Chirac government gained power in March 1986. Now the new provinces pose the same opportunities and challenges.

Many FLNKS activists see control of local institutions as vital, providing a link between people in the tribes and the administration in Noumea, and Paris. In last March's municipal elections the pro-independence forces won a majority on twenty of thirty-two municipal councils, increasing their vote at the expense of the RPCR over the previous 1983 result. Despite the FLNKS advances, the municipals revealed some tensions among the pro-independence forces: by running separate tickets, some areas with a pro-independence majority (Poum, Ouegoa, Iles des Pins) failed to win control of councils, and there were some rumblings when the UC gained mayoral positions with the support of the RPCR rather than other pro-independence activists.

Those tensions were exacerbated when a series of meetings were held in the Loyalty Islands to discuss the run-up to the June provincial elections. Participants or observers came from all the smaller parties (USTKE, FULK, Palika, LKS, UPM, Partie Federale d'Opao, and Djugelli Wea from Ouvea), and there was discussion about the formation of a 'Front anti-neocolonialiste' for the June elections. The meeting could not forge a common purpose, with FULK maintaining its anti-Matignon stand of boycotting the provincials, and other groups refusing to form alliances with centrist groups like Opao. But the perception of an 'anti-UC' bloc lingers, especially after the killings of Tjibaou and Yeiwene. These tensions were exacerbated when UC members challenged activists from FULK and USTKE (as at the funeral service in Noumea, when a strong USTKE delegation wishing to present custom to the dead leaders was turned away by angry UC members).

The June 11 provincial elections have set the direction for the next year.

FULK's call for an active boycott did not eventuate, and a joint FLNKS ticket (with activists from UC, Palika, UPM and PSK) won a majority in the northern and islands provinces. With disarray and disagreement between the National Front and the Caledonian Front on the extreme Right, the RPCR won a majority in the southern province. However, the RPCR failed narrowly to gain an absolute majority on the Territorial Congress which links councillors from the three largely autonomous provinces. There will have to be ongoing discussions, not only with the FLNKS but other communities. One significant sign was the two seats won by the 'Union Oceanienne', a party supported by the Wallisian community. Traditionally supporters of the Right, the immigrant and guestworker communities from Tahiti and Wallis see the Matignon process passing them by. This election marks a small emergence of these communities as independent players who will ultimately have to decide on their commitment to an independent Kanaky.

The challenge of the FLNKS within the provinces is to see if it can use the institutions of administration to advance the economic and social development of the Kanak people, as part of the transition to independence. One year of direct rule from Paris has seen little if any change for people in the villages, while the capital Noumea bustles with the construction of new apartment blocks and tourist centres, legacy of the last few years of government generosity. The FLNKS plans to review the provincial system next year and in 1992. It is tragic that Jean-Marie Tjibaou and Yeiwene Yeiwene will not participate in the process they set in train, but for supporters of the independence struggle, the need for solidarity is even greater. Despite dissection within the FLNKS, the Kanak people and other supporters of independence are still campaigning for the right to determine their own future.

Nic McLellan
Stumped!

The proposition that English cricket could deteriorate seems ludicrous at first glance. After the Aussies regained the Ashes 3-0, the notion that playing standards could fall any further appeared untenable. The Fifth Test result proves however that they could, and have.

England's defeat is not entirely without honour though. The announcement that some of the team's most experienced players are going on a rebel tour to South Africa led to the Test and County Cricket Board (TCCB - English cricket's governing body) dropping the rebel tourists from the side for the remainder of the Australian tour.

It might seem that Gatting, Foster, Emburey, Broad and the others are no great loss, given their performance so far this tour but, when you're as hard-up as England, even losing the barrel-scrapings is a disaster.

The Fifth Test showed that, without its defectors, England no longer has a team of Test standard. It resembles Australia's team in the early 1980's - after Packer, and after Kim Hughes had led Aussie rebels off to South Africa.

The first clue that a rebel tour was imminent came when certain players announced that they 'wouldn't be available' for the England tour of the West Indies during the next northern winter. The riddle was solved during the Fourth Test, when the rebel tour was declared and Gatting was revealed as its captain.

Mike Gatting has had an unhappy couple of years. He wasn't a successful captain and his stand-up row with Pakistani umpire Shakoor Rana, in Faisalabad, ended with the TCCB forcing him to apologise publicly. And then he was sacked as England captain half way through the West Indies tour, after losing his trousers to a barmaid.

It's not then surprising that Gatting should feel like taking a very highly paid holiday in South Africa. A figure of over $500,000 for two seasons has been mentioned. And he must have greeted the TCCB's demand - that the rebel tourists "first loyalty should be to English cricket" - with derision.

However Gatting's appearance on the political wicket was no more convincing than his sporting performance. He arrived at the moral crease claiming to "know very little about apartheid". (Where does the man live? In a box?) The clumsiness of this defensive stance was clear after only a few minutes. Gatting knocked the ball straight into the air and was soon walking back to the dressing room, caught at Silly Right On.

Even more bizarre developments followed. The chairperson of the apartheid selectors, Margaret Thatcher, sent Colin Moynihan, her Minister for Sport, in to bat. He crouched at the crease, pleading with the rebels not to go. But Thatcher's vociferous opposition to sanctions, and the procession of South African dignitaries she's invited to visit her, put her lads on a very sticky wicket when sportsmen succumb to the lure of the Krugerrand.

Thatcher's gone into bat for Pretoria at every Commonwealth Heads of Government Meeting and Moynihan's appearance at the moral crease resulted, not surprisingly, in a duck. Clean bowled.

The brief appearance of South African cricket boss, Dr Ali Bacher, was even less impressive. He's never looked comfortable facing the ANC's fast bowling.

His first shot was to point out that the rebel tourists would be doing some coaching in the Black townships during the tour - the equivalent to the one-day stroke known as the 'windy waft', where the player closes both eyes and waves the bat hopefully, somewhere outside off-stump.

Next man in was Australian commentator Richie Benaud. A stylish player and very quick on his feet, Benaud wasn't going to fall into the trap of trying to defend apartheid, no more than he'd hook with two men out on the long-leg boundary. Benaud confined himself to a tight forward defensive stroke, claiming that the International Cricket Conference (ICC) had snubbed the South African authorities by not giving them an opportunity to present their case for readmission to world cricket, thus forcing them to go poaching.

The TCCB, said Benaud, should have got the South Africans an invitation to the ICC. Bacher's team were in Britain at the TCCB's invitation, so Benaud's point is like telling someone who's been burgled that it's their own fault for offending the burglars; they should have been invited in and told to help themselves.

It was an inventive stroke but it did him no good; the umpires judged his argument LBA (Liked By Afrikaners) and Benaud was back in the pavilion.

All in all a disappointing day's play. The MCC (Mercenary Cash Cricketers) will have to pick some better players next time, and if they're looking for talent England is the last place they should look.

Jim Endersby
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We speak, of course, of Andrew Peacock and his VIP-plane load of advisers, observers, journos and sundry other junket junkies who jetted around five states and God knows how many party sausage sizzles, to brighten up the wintry month of August.

And laid back-she'll be right-give the bloke a go-never mind the interest rates-can you see the facelift scars? as we are, nobody thought for a moment to ask how much it might be costing us - nor why we should foot the bill.

As Mr. Peacock so lubriciously puts it, "it's not fair". But then, as Paul (Sexpot) Keating might say, "Neither was Jack Johnson's bum".

While the non-sporting types among us are working that one out, let's reflect, for a moment, on what we have gained from the Peacock flying exercise ... um ... well ... ah ... perhaps the answer is that to err is human, but to um and er is divine, which could at least explain why Bob Hawke continues to be so popular with the punters and why Andrew still finds it so hard to do sincerity and get away with it.

Nevertheless, exposing himself to the faithful at our expense seems to have paid off, if opinion polls are to be believed.

Before the flight of the phoenix, even the least liberal Liberals had significant misgivings about a leader who appeared to have the substance of a re-risen souffle. It seems, however, that the proof of the pudding is in the eating: they have now nibbled and quite like the flavour. More important, he has gone some way towards banishing memories of the nasty taste left by the plotting and shafting of little Johnny Applecake. And that's dangerous. Bob and Paul have been dishing out some pretty vile-tasting stuff of late and there's probably more to come. It's arguable that their prescription for economic ills is almost as bad as the disease, but watching Andy and his flying circus dodge and weave to avoid 'fessing up to the precise ingredients in their own patent remedies, waiting - we are assured - in toxic splendour in the policy pantry back at Lib HQ, makes the blood run cold.

If the poor, the elderly, the mortgaged and the dissatisfied think that Bob and Paul have been kicking where it hurts, what can be envisaged from the party whose manifesto makes bashing the defenceless mandatory?

They might, of course, have a better position on missionaries. The Hawke government - and Foreign Minister Gareth Evans in particular - have been shown to be utterly heartless when it comes to missionaries. Not only have they done nothing to stop these arrogant fools swanning off to ridiculous places to 'save the little people', but when the little people turned out to be little more than revolting natives, Senator Evans failed to divert our massive military force, code-named Kangaroo 89, from its exercises and mount a rescue operation.

Not only that, but he didn't (as the Opposition leader might have done if he'd thought of it) avail himself of the nearest RAAF plane and fly immediately to the spot. He could learn a thing or two from British PM Thatcher (as we all could, of course). There is nary a crisis too small to stop this Mother Theresa of the Free Market jetting in for a spot of sympathy and picturesque photo opportunities.

Why wasn't Senator Evans directing operations at Davao? Why didn't the PM offer himself to Mrs. Aquino as a substitute? Why didn't Derryn Hinch get tragic exclusives with the child-molesting missionary slayers in that hell-hole prison? And does that boorish bore Tony Greig still think that hell-hole prison? And does that, for once, Mrs Thatcher failed to recognise a shocking accident and didn't rush to the scene to offer backbone and her priceless advice on how to bat oneself out of a sticky wicket?

The public has the right to know. We must be told - and before the next election if possible.
This we use to great effect when we feel others are labouring under the misapprehension that all crimes are violent. The unspoken assumption, however, is that ‘property crimes don’t matter’; or, ‘this shows that under capitalism property crimes are more serious than crimes against the person’; or, at its most cloud-cuckoo, that ‘crims are basically just well-meaning property-redistributors, like us’.

Yet property crimes like car theft and burglary probably do more to fuel popular wrath and provide political support for the stupidities indulged in by the likes of NSW’s Minister for Prisons Michael Yabsley.

The left’s sorry record of failing to grapple with the populist politics of law and order - and instead limiting ourselves to being advocates for prisoners - follow a pattern.

Support for the public sector often means turning a blind eye to the stupidities of some public servants, although these are keenly felt by consumers of public sector services. Thus, because prisoners are brutalised in prisons, we gloss over the criminal’s actions against ordinary people.

When supporters of the new left party, sit down to draft policy, let’s hope they do more than repeat the usual clichés about prisons and ‘law and order’, and say nothing about the victims of crime.

Their satanic majesties request

PLAYED ANY records backwards lately? How about walking backwards?

The Christian Right is a happy hunting ground for malicious gossips such as Loose Cannon. Take Stop the Rock (SAR to PO Box 1416, Chatswood, 2067) and its pamphlet Rock Music and Satanism:

"You may have heard about backmasking, which refers to subliminal messages found on many records and tapes. In his book on black magic (Aleister) Crowley gives us a key to this practice in his directions to would-be students of the black arts:

a) learn to write backwards with either hand;

b) learn to walk backwards;

c) watch cinematograph films and listen to phonograph records reversed;

d) practice speaking backwards; thus for ‘I am he’ let him say ‘eh ma I’.

While on the Big Beat, Stop the Rock said: "Even if you can’t hear the lyrics, you can feel the beat - often from 100m away! - the steady beat of the drum, just like its native cousin, voodoo."

(Voodoo, of course, is not a drum, but we’ll let that pass.)

"The ‘anapestic’ beat also has a weakening effect on the muscles, being rather the opposite to the Waltz beat which is similar to the body’s natural rhythms."

Natas selur KO?

Or is it, KO selur natas?

War crimes

AN HISTORIC split is looming between sections of the traditional right and the Jewish community, over recent war crimes legislation.

Bitterly opposing the legislation are: B. A. Santamaria, Frank Knopfelmacher, Quadrant editor Robert Manne, the Age’s Michael Barnard and the Captive Nations’ Council of Victoria. Supporters include the Executive Council of Australian Jewry president Isi Leibler and Professor Bill Rubinstein from the Jewish Community Council.

The battle has been fought out in the pages of the right’s long-time intellectual flagship, Quadrant, which is going through its own internal crisis after a boardroom coup late last year.

Jewish leaders are irritated that Santamaria is lining up with the Captive Nations’ Council, from whose ranks a number of anti-semitic war criminals are likely to be drawn.

The controversy was sparked by an article by Manne in Quadrant which pointed out that while the legislation was being drawn up, the government sent a representative to Emperor Hirohito’s funeral. This drew a savage reply from Professor Rubinstein who said this was “one of the most obscene false analogies ever to appear in Quadrant; indeed one would have to turn to a racist journal of the neo-fascist extreme right to find a similar point in print.”

As for Quadrant’s internal crisis: earlier this year editor Roger Sandall was deposed by one wing of the editorial board led by Anthony McAdam. According to McAdam, Sandall had turned the mag into “an academic wank”, publishing “quite nice, tame and probably quite boring critique pieces about Jane Eyre.”

Jane Eyre, of course, would be a suitable topic for a magazine funded to the tune of almost $30,000 a year by the federal government as a literary magazine. But Quadrant’s real role (and the reason it was originally funded by the CIA for over ten years) was as an ideological combat magazine.

Sic transit Sandall.
The crushing of the Chinese student democracy movement in June is not the first example of Deng Xiaoping's hostility to student-led movements.

During China's Cultural Revolution (1966-69), he was accused of suppression of revolutionary students at Beijing University, and of suppression of the mass movement through the use of centrally controlled 'work groups' whose function was the containment of the movement within limits acceptable to the party hierarchy.

He was also responsible for suppressing the Democracy Wall movement in 1978-79, as well as the Tiananmen massacre of June 4. The brutality of this latter incident has highlighted the need for a more critical evaluation of the history, policies and leadership style of Deng Xiaoping than has hitherto been very evident in left commentaries on China.

Deng was born in 1904 in Sichuan Province into a landowning family and, following his middle school studies, travelled to France in 1920 to participate in a work-and-study scheme for Chinese students. While in France he joined the Socialist Youth League (1922) and the Chinese Communist Party (1924), and in 1926 he returned to China via Moscow where he studied for several months at the Oriental University. Back in China he took up a post as instructor in the Political Department of the Xi'an Military and Political Academy established by the warlord Feng Yuxiang. With hindsight, one can perceive in this Deng's first official position in the Chinese revolution, a feature which characterised much of his subsequent career and coloured his response to questions of leadership and the party's relations with the masses; for it was then, in 1926, that Deng's career began to fuse the military and political approaches to revolution and social change. Between 1926 and 1949, the positions held by Deng almost invariably involved both military and political functions: political commissar of the Seventh Red Army, 1929; chief-of-staff of the Third Army Corps, 1930; lecturer in party history at the Red Army Academy, 1933; Director of the Political Department of the First Army Corps during the Long March, 1934-35; and several political appointments within the army between 1936 and 1954.

Deng's pre-1949 career followed a pattern showing his rise to prominence as the party's man inside the military. His standing in both the party and military rose during the 1940s. He became a Party Central Committee member in 1945, and in 1949 one of three senior military and political leaders of the Southwest Military Region, a position which he was to use as a springboard to enter politics at a national level in the newly established People's Republic of China.

The Eighth Party Congress of September 1956 confirmed Deng's meteoric rise to power. At this congress he delivered the second most important report (after the political work report given by Liu Shaoqi), which dwelt on the importance of collective leadership and party discipline. As a result of this Congress, Deng became the sixth most powerful figure in Chinese politics, being elected to the Standing Committee of the Politburo and general secretary of the Central Committee. Between 1956 and his disgrace during the Cultural Revolution Deng also continued to occupy a very senior position in the military hierarchy, as vice-chair of the National Defence Council. In July 1977 he was appointed Chief of the General Staff of the People's Liberation Army (a position he was to hold until 1980), and in 1981 and 1983 he was elected chair of the Military Commission and Central Military Commission respectively. While, during the 1980s, Deng has not occupied the most senior position within the party (indeed, in late 1987 he relinquished all high-ranking party posts), there is no doubt that he is the real power behind the throne, the arbiter of any major party decision.

Deng's dual career - military as well as political - goes some way to explaining the violent response of the Chinese leadership in crushing the recent democracy movement. For here we have a paramount leader who not only has consistently asserted the vanguard role of the party, but whose understanding of the role of leadership in social change has inevitably been coloured by his long association with the military, an organisation predisposed to perceiving the use of force as a means of resolving seemingly intractable social problems. It was thus to the man on horseback that Deng turned when the authority of the party and his own leadership were seriously challenged by the student democracy movement; and the extent to which the military responded is indicative of his long and deep association with it.

Nick Knight.
Awarding Women

The August wages decision proved a fillip for the opponents of award restructuring in the union movement. It also deepened women’s suspicions. Sue McCreadie argues, however, that it’s no excuse for failing to face up to one of the biggest challenges for women workers in decades.

Awarding has been hailed as the most significant development in the wage-fixing system since the Harvester judgment of 1907. But can it deliver the goods for women? Or will it, as some critics have argued, reinforce their inferior position in the labour market and the workplace for years to come?

For many feminist critics, award restructuring, like the industry restructuring which spawned it, is a boy’s game, tailor-made for the metal industry and imposed on the rest of us. Male-dominated manufacturing unions, it is argued, have hijacked the agenda. Echoing general anti-restructuring critiques, feminist critics query the current preoccupation with the tradeable goods sector and consequent neglect of the economic contribution made by more feminised areas such as the services, community and public sectors.

Feminists have also questioned the relevance of the metal industry model for women’s industries, and have been sceptical about redressing structural inequalities in a period of wage restraint. Is this pessimism justified?

From the ACTU’s point of view, a key selling point of the restructuring process had been the expected benefits for low paid workers. On that score, the decision handed down by the Industrial Relations Commission on August 7 was deeply disappointing.

The ACTU claim for general increases of $20-$30 per week in two instalments during 1989/90 was accepted by the Commission. But there are some fears of a rerun of the fate of the second tier in 1988 when women workers in industrially weak unions, notably in sales and clerical, faced long delays in receiving wage increases. The ACTU also argued for a substantial lift in the minimum rates through supplementary payments - a step which would assist those workers (disproportionately women) who lack access to over-award payments.

At the trades level, the ACTU claim for a minimum rate of $407 ($356.30 base rate and $50.70 supplementary payment) was accepted by the commission. In this area, however, the labour market is tight and actual rates exceed the award. Key employer groups, the CAI and MTIA, strongly opposed supplementary payments for process workers on the grounds that most were only on the minimum rate and, thus, that significant costs would have been incurred.

The Commission refused to endorse the ACTU’s proposed set of relativities and set out its own recommended relativities. These leave process workers (and hence many women workers) short-changed, and make a mockery of strong unions’ restraining claims in support of the low paid. The decision, which was incomprehensible in parts, also seems to reject reclassification as part of transition to new awards. At the time of writing it is still unclear whether the relativities are intended to be prescriptive or indicative and how much room there is for unions to manoeuvre.

If we are stuck with the Commission’s relativities, there is no doubt that many low paid workers whose expectations have been raised will feel cheated and the critics of award restructuring will feel vindicated. But, despite this partial setback, award restructuring opens up opportunities which shouldn’t be missed. If women are to make real gains we need to look beyond the pay increases of the next twelve months and focus on the broader agenda of improving job satisfaction and career paths and taking more power in the workplace.

What strategies are available for women? In the past, two main avenues have been pursued: re-evaluating and improving women’s jobs and getting
women into non-traditional (i.e. 'men's') jobs. In re-evaluating the work women do, much depends on the framework of the restructured award now being negotiated, and the process for the transition to a new award. Where women's jobs are undervalued, the new awards will need to do more than introduce broadening and multiskilling.

In manufacturing, the litmus test will be the textile, clothing and footwear industries where women comprise 60 percent of the workforce - and especially the clothing sector where they comprise 95 percent.

The essence of the TCF unions' proposals is the recognition that the machinist classification needs to be 'unpacked' and dispersed across several skill levels, up to and including trades level.

At present there are a large number of machinist classifications but these are separated by no more than a few dollars. The only scope for improving earnings is the piece rate bonus system which remunerates only for speed.

Under the restructured award a range of skill factors will be recognised and remunerated: variety and complexity of tasks, level of autonomy, ability to work in a team, responsibility for quality control, and machine servicing and maintenance. This means that a machinist has the potential to reach the new trades level and up her current rate by up to 35 percent.

Some workers already exercise these skills without recognition (for instance, many fix their machines on the quiet rather than lose their bonus while waiting for the mechanic to turn up). In many places new forms of work organisation (such as Just In Time or Total Quality Control) demand the exercise of team skills and a greater level of judgment and decision-making for the operator.

A broadly similar strategy is being pursued in the metal unions' proposals which create four levels for process workers. The principle is similar in white collar areas. The Commercial Clerks' Award (Vic) has only three classifications and does not reflect the whole range of clerical work which is done. The Federated Clerks Union in that state plans to insert up to seven extra classifications to take account of these functions.

But how likely is it that significant numbers of women workers will find themselves reclassified upwards in the transition to the new award? A key factor will be the level of resources unions are prepared to devote to this exercise.

In manufacturing, the slotting in of workers to the new structures is to be done by a combination of skills audits and competency testing. For Australian unions this is uncharted territory. Not surprisingly, there is an army of consultants (mainly men) eager to jump on the restructuring bandwagon and offer their expertise. But if the process is to benefit women it will need to be done in a way which is sensitive to the historical gender bias. This means accepting the possibility that existing skill relativities could be turned inside out, with some operators' positions being equated in status with the trades person. Unfortunately, trade elitism is still alive and well among many male officials and workers.

One way to counter this is to ensure that women on the shop floor are involved in these exercises and that it is not all left to officials and outside 'experts'. In the past one of the main factors behind undervaluations of women's work has been a lack of formal training and credentialling in many female occupations. Women's skills are often acquired informally and are thus seen as 'natural'.
Award restructuring offers the chance to recognise and accredit these informally acquired skills for the first time, and to introduce formal training systems for women's occupations.

One problem is that introducing credentials for everyone might just lead to 'credentials inflation', leaving existing relativities unchanged. And due to a variety of factors - interruptions to employment, child care problems, timing of courses, and good old-fashioned prejudice - many women could find themselves excluded from training opportunities and quality jobs. Part-time workers (78 percent of whom are women) are also likely to miss out.

National training frameworks (which are being negotiated as the linchpins of new awards) will need to ensure the right to training for all workers (including part-timers and casuals). The Affirmative Action Act, which now covers all private sector employers with more than a hundred employees, could be used to set targets for women's participation in training and to monitor movements in women's distribution across skill levels.

In manufacturing, training needs to include operators, who are currently expected to learn 'sitting by Nellie', and to include generic skills which are portable from firm to firm. And without English on the job and basic literacy the earnings gap could get worse for migrant women and early school leavers.

One criticism of the closer nexus between employment and training which is currently being pushed is that unemployed women may find entry to training for non-traditional jobs even harder. Many trades jobs are still inaccessible to women for a variety of reasons. The "structural efficiency principle" set out back in August 1988 called on industry to address any cases where award provisions discriminate against sections of the workforce. Action in this area needs to go beyond tokenistic, though long overdue, reform of sexist language. There's not much advantage in having a 'tradesperson's' classification if they are still all men.

Award restructuring, of course, is about more than changing the text of awards. The new awards, in being less prescriptive, create a framework for reforming work organisation and industrial relations in the workplace.

Sex stereotyping of jobs has gone hand-in-hand with Taylorism: women second tier will be further entrenched. Due to inferior industrial muscle, women will find it harder to extract the benefits of restructuring and may even be forced to trade off real conditions.

Such fears will be fuelled by the Commission's inclusion of most of the employers' shopping list as a legitimate part of the negotiating agenda.

Further casualisation of the workforce is inconsistent with the goal of higher-value-added products and services. Moreover, the likely result will be an accentuation of the division between male and female workers in the core (permanent, skilled, and with career paths) and periphery (casual, unskilled and insecure), with women as the main losers. The union response has to be to demand a tightening of restrictions and regulation of casuals and outworkers, and to target these workers for training.

When employers talk of 'flexible working hours', their concern is not, of course, for workers with family responsibilities, but 'seasonal demand' on the one hand, and for technology which needs to run for twenty-four hours a day, seven days a week, on the other.

The challenge for unions is to turn the debate around and demand that the needs of women and children are given priority over the needs of markets and machines.

There are risks in restructuring. But the risks of doing nothing are greater. In the current political environment, improvements in our balance of payments and the tradeable goods sector are a precondition for redressing structural inequalities and providing better wages and welfare.

At the same time, the consultative mechanisms being established to oversee restructuring provide an opening for a significant shift in the balance of power in the workplace, from management to workers and from men to women. The involvement of women workers and shop stewards in these processes is crucial.

Above all, we need to take the debate about the sex stereotyping of jobs and undervaluing of women's work to the shop floor, raising the awareness of men and the expectations of women.

SUE MCCREADIE is national economic research officer for the Textile, Clothing and Footwear Unions in Sydney.
The DEBT Controversy

We're in the midst of our most serious postwar trade crisis. Or are we? Economic goals have to be subordinated to halting the debt slide, before it's too late. Or do they? In recent weeks our economic crisis has been a subject of controversy. This ALR special feature assembles a formidable range of adversaries for the debate...

Our debt crisis has become the bête noire of Paul Keating's economic strategy. Employment and economic growth have taken the back seat. In the process economic policy has been reduced to a single hefty blunt instrument - high interest rates. Both the disease and its supposed cure have become the stuff of controversy. Is the high interest rate policy unavoidable? Or have we overreacted? What alternatives are there? And what can we do to reduce the social cost?

This ALR special feature brings together a spectrum of views. Patrick O'Leary, chief strategist for the ANZ's stockbrokers, mounts a staunch defence of Keating's interest rate policy. Professor John Nevile of the University of NSW argues that wage earners can't ignore the debt. Financial Review economics editor Michael Stutchbury surveys the international situation and its lessons. SBS TV's business analyst Dick Gross looks at the social cost. Political economist Evan Jones argues for reconsidering foreign investment. And union economist Howard Guille suggests that the balance of payments is a fiction, and should be abolished. This is a definitive debate in Australia's most important controversy...
Patrick O'Leary is a partisan of Paul Keating's high interest rates policy. Here he talks to David Burchell.

Just how important is the balance of payments? In recent weeks a number of academic economists have been quoted as arguing that there's been much too great an emphasis on the problem. Some have argued that, in today's world economy, it's something of an anachronism. Others have argued that, ultimately, the private sector debt is its own problem, and that the government shouldn't be endangering the health of the broader economy with bailing out private sector debt. What do you think about these arguments?

I take the rather orthodox view that a nation, even with deregulation, can be compared to a household or an individual enterprise which only oversteps the mark at its peril. Over the long haul incomes and expenses have to reach an equilibrium. For an economy to persist in constant excesses of consumption and reinvestment over domestic savings, and therefore to run an increasingly large balance of payments deficit, is incipiently unbalancing to the long-term performance of the economy and ultimately to the living standards of the people who live within it.

I certainly disagree with the heterodox view that the balance of payments is an unimportant issue, and all that one needs to do is concentrate on domestic political settings. Ultimately it's the international foreign exchange community which pronounces on an economy's performance. And one of the most important ways it has of pronouncing on that performance is to view progress on the balance of payments.

An economy which does overstep the mark - which has national expenditures rising substantially above national incomes - will suffer a depreciation of the exchange rate. At some stage one gets to a point of no return, where subsequent devaluations of the currency only make the situation worse. And yet there is no way back for the exchange rate. We've seen what can happen in certain South American republics, and not all that long ago in certain Central European economies. The result is a crushing of living standards, and eventually a collapse of the political institutions. I would hope that Australia is adult enough to avoid that.

So the famous 'banana republic' phrase wasn't just rhetoric?

No. The timing of the banana republic statement was quite apposite. Remember, that took place in the middle of the biggest terms of trade collapse that this country has experienced in recent times. I think the sentiment underlying that statement still applies.

What about the longer term ability of the Australian economy to get out of this situation? It's difficult to imagine how growth in any particular export industry or potential export industry would, by itself, be able to get us out of this hole.

We would need a lot of luck and a lot of different commodity categories to pull us out purely by dint of exports. We would need a combination of import depression and export growth to make any real inroads. There are certain new export hopes - most significantly liquefied natural gas, which has begun to flow abroad. We are also seeing an improvement in coal export performance. There is potentially a lot more headway to be made with other mineral exports and we may do quite well on, say, grains and wool. But the real answer has to lie in the depression of import demand and that, unfortunately, relies on the depression of both consumer and investment demand here. That is what the current monetary settings are designed to achieve.

So you feel that Keating's policy is the only alternative?

It's the only relatively quick acting alternative. The longer acting one, so far, has been rather difficult to achieve and it also involves major attitudinal changes - as well as probably increased levels of immigration of certain types of people who can add value, if you like, to what we produce and provide us with a much bigger domestic base from which to launch an export drive.

There's a lot of concern at present that the interest rate strategy could push us into a recession.

I think that's a very real worry. It is arguable, since Mr Keating was compelled to emphasise monetary policy at the
Some academic economists have been arguing recently that the cure is worse than the disease: that it’s counterproductive to dampen down the economy at a time when you’re trying to promote exports. What do you say to that?

You can probably take that one too far. The idea is to dampen down domestic demand relative to foreign demand. That’s the only way you can increase the volume of exports. If at the same time you can depress the exchange rate and give your manufacturing sector a competitive advantage, so much the better. The problem has been that monetary harshness has tended, until quite recently, to push the exchange rate the wrong way. We suddenly depressed domestic demand, but we also pushed the exchange rate up to the point where we couldn’t penetrate foreign markets. That, I suspect, has now been reversed. The markets have seen through the attractions of high Aussie interest rates and have essentially abandoned the exchange rate, so the desired effect of high interest rates on levels of domestic demand are now coming through.

So, will there be a recession next year? Or are we headed for a ‘soft landing’?

I don’t think we’re in for a recession in the conventional sense. The classic definition of a recession is a succession of negative quarterly GDP results. I would characterise what we are about to have as a domestic demand recession of some severity in which aggregate spending or domestic demand will be falling at an unprecedented rate. That will mean a huge decline in growth - although I don’t think it will fall below negative quarterly GDP results. I would characterise what we are about to have as a domestic demand recession of some severity in which aggregate spending or domestic demand will be falling at an unprecedented rate. That will mean a huge decline in growth - although I don’t think it will fall below

I doubt whether the disappointment will be sufficient to return a conservative government.

There aren’t many concrete alternatives being put forward by the Opposition at present, are there?

No. It’s a bit of a Mexican stand-off. The opposition is reluctant to put any concrete alternatives before the people until it knows what the government has in mind. The government is just as frustrated because it can’t get its hands on anything the opposition might think. So there is nothing of substance in the intellectual debate at the moment. People are therefore quite confused; they know that they’re hurting, they know that they’re disappointed, but they know that the Opposition hasn’t come up with anything too concrete or too credible so far.

At the same time, of course, there’s been disquiet in the government’s own ranks in recent weeks about the interest rates policy. There was a meeting of backbench dissenters a few weeks ago. It was pretty effectively muzzled by the government. Yet one suspects that a considerable number of Labor MPs privately agree with the sentiments expressed there. And out of that dissatisfaction, both inside and outside the government, a number of alternative policy prescriptions to the Keating strategy seem to have emerged. One that comes to mind is the deregulation of the financial markets. That’s a proposal which is often used as a kind of clincher, as it were, in the arguments against Keating’s policy from the left. What’s your opinion?

I think it’s an impossibility. That may be unfortunate, but it’s true. You simply cannot shut Pandora’s Box. You have to live with the miasma that comes out of it. Over the long
haul it is probably a constructive thing to have financial market deregulation, provided the consequences are reasonably well managed. You could argue perhaps that they have not been as well managed as they might have been.

Pandora's Box?

Well, you don’t just deregulate certain parts of the financial market. The whole thing has to occur as a logical sequence of events, and we’ve proceeded through them very fast. We can’t for example, re Peg the exchange rate, we can’t dictate the level of interest rates, we can’t legislate for a maximum overdraft rate and still have a floating currency. If we were the first nation to re Peg our currency to some sort of dictated yardstick we’d be very heavily sold off. That would put immense pressures on the central banks to hold the line. We’d probably run out of reserves in ten minutes. The biggest benefit and the biggest political millstone with financial market deregulation has always been that, once you do it, you abandon sovereignty over domestic political settings. You cannot run the economy the way that you would like to politically because you open yourself to the instantaneous judgment of foreign markets. I personally don’t think this is a bad thing; it makes individual political lunacy so much more difficult to achieve.

But if you’re trying to ameliorate the effects of certain trends in the world economy, it makes it very difficult to kick against the pricks, doesn’t it?

It does, but you then have to go for some co-operative effort - perhaps to peg currencies against some chosen basket, or some commodity or other. There has obviously been some progress in that direction in Europe. There’s constant talk about the establishment of some new world currency; perhaps by bringing gold into it. We just can’t do it by ourselves.

The other chief plank of a leftish alternative to Keating’s policy within the ALP and probably elsewhere on the left, is import substitution. Among left academic economists, it’s certainly the most popular prescription at present. What do you think of it?

Well you can come at that two ways. You can either boost the supply side of the economy and make certain that the quality of the goods and services which are supposed to substitute for imports enjoins the support of the consumer here, or you can legislate against imports in one way or another. The latter is most imprudent for a nation which is part of a community of trading nations, simply because we would be retaliated against if we legislated against imports. The former is emphatically the best way out. However, insufficient progress has been made in the supply side of this economy, particularly on quality, to get people to buy Holden or locally-made Ford motor cars in preference to Honda and Toyota. The intermediate position, which was tried by Mr. Hawke himself a couple of years ago, is to run a campaign to buy Australian.

It wasn’t very successful...

Most people would buy Australian if the quality were comparable, never mind the price. If we can’t produce the goods, then the moral suasion part isn’t going to work very well.

Laurie Carmichael, for instance, talks about the need for just one world-class competitive industry. How likely do you think it is that we’ll develop such industries in Australia over the next few years?

Well, the wool industry is competitive on a world scale. It is extremely well-run by world standards. There’s a good marketing drive, and the perception abroad is that Australian wool is tops. It’s a bit harder to imagine doing that with coal or alumina or bauxite. I can’t think of too many examples of Australian manufactured goods which enjoy a world-wide reputation for quality and reliability. In industries like machine tools, for example, we’re nowhere; in applied technology we’re not terribly advanced. In motor cars, who knows, Ford may succeed with its soft top exports, but there aren’t too many success stories.

Meanwhile other countries, with historically stronger manufacturing sectors than our own, have been undergoing a worrying process of contraction in manufacturing in recent years. What are the prospects of our manufacturing industry bucking that trend?

Relatively poor, I think, until we manage to clean up our micro-economic reform act. Progress has been made in labour relations, but micro-reform has stalled, and that’s a long-term problem. We may be able to compete in price, as the exchange rate continues to move down, but price alone isn’t sufficient. I’m a bit pessimistic, frankly, about the long-term prospects for manufacturing. I shouldn’t be, because we have most of what it takes to be viable. But we don’t have the application, we have not yet been able employ the marketing skills, and we haven’t got a good record for deliverability.

PATRICK O’LEARY is chief strategist for McCaughan Dyson, the ANZ Bank’s Melbourne-based stockbroking firm.
International capital rules OK?

Michael Stutchbury outlines the international debate.

Compared with the stagflation of the 1970s, the Australian economy in the 1980s has been marked by effervescent expansion. Consumers, housebuilders and business are spending 39 percent more (after adjusting for inflation) than they did during the pit of the 1983 recession.

This should be good news - and, in some important areas, it is. The job boom has cut unemployment from 16 percent to 6 percent as well as absorbing an accelerated surge of women into the labour force.

The bad news is that Australia’s work stations have not been able to supply much of this increased domestic demand. While demand has grown by 39 percent in the past six years, national output has increased by only 34 percent. This excess of demand over supply has overflowed into imports and produced the well-documented blow-outs on the balance of payments and the country’s foreign debt. It is difficult to see how Australia can avoid running a foreign debt of at least 30 percent of national income for most of the 1990s, leaving it continually vulnerable to adverse developments in the world economy.

The so-called ‘strength’ of the economy has been concentrated on the demand side. Keating’s problem is that his increasing reliance on high interest rates to hose down this demand has the perverse effect of discouraging business investment in the new productive capacity. That is discouraging the future domestic supply of goods and services.

The story of how the world’s greatest Treasurer got cornered into this policy jam is largely the story of why spending has been so stubbornly strong in the first place.

Big lessons have been learned here. In contrast to the ACTU’s ‘under-consumptionist’ arguments of the 1970s, Labor’s ability to get trade union compliance with real wage cuts has not depressed spending. Instead, as more women have entered the workforce, it has kept household income and spending bubbling along. Nor has Labor’s startling fiscal turnaround from an $8 billion budget deficit to a $9 billion surplus put a clamp on aggregate demand in the economy. Lower wage costs and a higher profit share has helped here.

But an even more problematic source of the Australian spending boom of the 1980s has been the foreign factor. For foreigners, read Japan and West Germany - the high income economic superpowers whose rapidly ageing populations have accumulated huge savings for their retirement. In the 1980s, the international liberalisation of capital controls has let these savings loose in a worldwide search for the highest rate of return. This international portfolio transfer is transforming the world economy: by directing the remaking of Western Europe, by encouraging the thawing of Eastern Europe and by lubricating the rising economic power of Asia-Pacific. It is no coincidence that, despite the regular predictions of apocalyptic financial collapse, the industrialised world is about to enter its ninth year of uninterrupted buoyant expansion.

As well, this capital outflow from Germany and Japan has been siphoned into the Anglo-Saxon economies of Britain, the United States, Canada and Australia, partly reflecting the attraction of high nominal interest rates and partly reflecting investment opportunities in the ‘productive’ sector. These capital receiving countries also have liberalised their financial sectors in the 1980s, giving households and business more freedom than before to go into debt. In other words, financial deregulation has allowed people more latitude to borrow now in order to spend now more than they produce. And, with an eye to their retirement years, the Germans and the Japanese have been willing to lend.

Likewise, as a result of international financial deregulation in the 1980s, individual countries have greater freedom to lend to and borrow from others with the removal of capital controls. This shift goes to the core of the new Australian debate - fuelled by Australian National University economist, Professor John Pitchford - that balance of payments deficits and rising foreign indebtedness are not necessarily a ‘problem’ that needs correction by economic policy makers. Particularly since the Australian government has pushed its own budget into surplus, why should it care whether individuals or large corporations want to borrow from abroad?

This same debate has bubbled up in most of the capital receiving countries in the 1980s. In the US Treasury, for instance, it is argued that the continued large American trade deficit and the country’s sharply rising foreign indebtedness do not represent national weakness but the strength of an economy which can attract SUS135 billion a year in foreign investment to finance its trade deficit.

Unfortunately, the issue is not as cut and dried as this. We know that globalised capital markets can finance larger trade deficits or surpluses for longer periods than in most of the regulated post-war period. But we also have evidence that capital markets are also prone to ‘speculative bubbles’ - like the 1986 and 1987 world stock market boom - that end up being pricked with a loud bang. Thus, we cannot completely dismiss the doomsayers.

The old economic theories held that a country running a large trade deficit would find its currency depreciating, which would make its exports cheaper on world markets and make...
imports more expensive on its home markets. But now, capital movements in search of investment opportunities seem to play just as great a role in determining exchange rates. And, from the International Monetary Fund in Washington to the Organisation for Economic Co-operation and Development in Paris, international economic policy advisers find themselves without any strong theoretical grounds for predicting whether a given trade surplus or deficit is 'sustainable'.

The bottom line, I believe, will depend on to what use the capital importing countries put this foreign money. If - as appears to be the case in the US - much of the capital inflow is being used to finance a high standard of living that Americans have become accustomed to, the result could end up being economic impoverishment. Such countries would not have developed the extra productive capacity to pay back their creditors. But if - as is the case in Spain, for instance - the capital inflow is going into new factories, the result will be enriching down the track.

For Australia, the picture is mixed. Much of our capital inflow is going into financial assets yielding very high interest rates. Some is going into tourism resorts, office development, cattle stations and mining. Relatively little, outside the foreign-owned auto oligopoly, is going into manufacturing.

Among overseas industrialised countries, as well as in Australia, the big new theme for economic policy is so-called structural adjustment (what we call micro-economic reform). In Australia, the debate is increasingly focussing on whether the tax system, in combination with inflation, biases capital spending toward so-called non-productive investment such as central business district office blocks and housing. The policy implications here include reducing the business tax deduction for interest costs and extending the capital gains tax to the family home, and to doing more to smother inflation.

But it also increases the over-all urgency for micro-economic reform to overhaul the nuts and bolts of the economy. This obviously includes transport reform (such as the waterfront, coastal shipping, aviation, railways and trucking). It will extend further into the states' jurisdiction, such as public transport systems and electricity generation. Generally, this micro push will concentrate on 'levelling the playing field' to allow market forces to attract capital to their most 'productive' use. But it could include 'interventionist' policy, such as a training levy on industry to correct the market 'failure' of business under-investment in skills formation.

Australia has always depended on foreign capital to finance its economic development. Yet our history has included periods - such as the 1880s and the 1920s - when the capital inflow was squandered. On both these occasions the accompanying foreign debt build-up led to long and painful economic corrections, the recession of the 1890s and the Depression of the 1930s. The coming decade should tell us whether we have learnt from these lessons of our past.

MICHAEL STUCHBURY is economics editor for The Australian Financial Review.

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**Why the deficit matters**

*John Nevile argues that wage-earners can't escape it.*

Australians are being asked to 'tighten their belts' and accept painful economic policy measures, including extremely high interest rates and very tight fiscal policy, in order to reduce the current account deficit on the balance of payments. The majority of Australians, including most wage earners, have no option but to accept the effects of these policies since the working of the labour market, heavily influenced by the arbitration and conciliation system and the Accord, prevents them from just increasing their own incomes enough to
offset the effects of high interest rates and tight fiscal policy.

Now it is reported that many economists, led by Professor John Pitchford of the Australian National University, are arguing that the current account deficit and the consequent trend in the foreign debt are of no importance. Is the tough economic policy imposed on Australia unnecessary after all?

Roughly two-thirds of Australia's foreign debt is owed by the private sector and a large part of the rest is debt of public trading enterprises such as electricity commissions. At first sight this foreign debt is just a manifestation of the market system. If firms borrow abroad it is because they expect it to be profitable to do so and, if they are correct, the projects financed by the foreign borrowing will generate income to serve the debt. Of course, firms may make mistakes and go bankrupt but, while this is a problem for their employees and shareholders, it is not for other Australians. If a state electricity commission makes a mistake there is a cost to taxpayers in that state, but the cost is there whether or not the mistake was financed domestically or by borrowing abroad.

Why should we worry about borrowing outcomes produced by market processes?

The classic answer is that these decisions may have costs outside the firm making the decision, and these external costs will be ignored in the decision making process.

Unfortunately the decisions to borrow abroad do have external consequences, particularly for the exchange rate. In the short run, in an environment of high interest rates, they tend to prop up the exchange rate, leading to an overvaluation of the Australian dollar. But the larger the foreign debt (or, more accurately, the greater the cost of servicing the foreign debt compared to the value of exports) the more likely it is that foreigners will come to the conclusion that the situation is becoming unviable and that soon there will be a large devaluation of the Australian dollar. Once enough foreign lenders take this view, a large devaluation is inevitable. It is only if one is not concerned about such a devaluation that one can be unconcerned about the trend in the foreign debt.

It is significant that Professor Pitchford characterises those concerned with the size of the foreign debt as using an analysis developed from countries with fixed exchange rates, which he argues is now irrelevant in an era of floating rates. However, the fact of floating exchange rates does not remove the consequences of a large devaluation. Assuming that the devaluation is sustained and not quickly reversed, it will raise the prices in Australia of imported goods and of some goods that Australia exports. If wages rise to compensate workers for this rise in the cost of living, the devaluation will have changed little. Soon the foreign lenders' worries will surface again, leading to a further devaluation, and more price and wage rises with a disastrous inflation-devaluation spiral developing.

If wages do not rise to compensate workers for the devaluation induced-rise in the cost of living Australia will not suffer the dire consequences of a devaluation-inflation spiral, but there will be a fall in real wages and a shift in income from wage earners to exporters and to the profits of firms producing goods that compete with imports. A large devaluation will cause a large shift in income and if large current account deficits continue indefinitely we will have a very large devaluation.

What then can be done about it? High interest rates are a temporary solution reducing the demand for imports and encouraging foreigners to lend to Australians. Now that the boom in the Australian economy has peaked, interest rates can be reduced slightly, which will probably lead to a small devaluation, which in turn will help improve the balance of payments situation without causing a large shift in income distribution.

While any reduction in interest rates must be cautious, it is important that they be reduced in the longer run, not only because of the consequences of high interest rates for home buyers, but also because they discourage business investment which is an important part of any long run solution.

The Opposition's policy (at least judging from its television advertisements) is to lower interest rates and simultaneously make fiscal policy much tighter through larger cuts in government expenditure than any contemplated by the government. This may be fine, if one is rich enough not to be concerned with the state of health of public hospitals or schools, and with no thought of ever needing to rely on an old age or invalid pension, an unemployment benefit or a family income supplement. In any case, fiscal policy in Australia is now extremely tight compared both to historical Australian experience and to that in other developed countries.

The only satisfactory solution in the longer run is to increase productivity so that the Australian economy can become more competitive internationally without a reduction in real wage rates. A continued high level of business investment is important in this, but so is award restructuring and all the multitude of factors brought together under the phrase of micro-economic reform. Any solution other than increasing productivity growth will involve a declining standard of living for most wage earners.

JOHN NEVILE heads the Centre for Applied Economic Research, University of NSW.
Paul Keating’s high interest rate strategy has come in for quite a bit of stick lately. What’s your attitude to high interest rates as the blunt instrument wielded against the balance of payments problem?

I don’t question that the balance of payments has become a serious cause for concern in Australia these last few years. To some extent it’s inevitable in a country like Australia, which always tends to be reliant on injections of foreign capital. My worry is that governments tend to react to problems such as this, which are largely the result of the behaviour of particular individuals in the corporate sector, by taking actions which affect everyone.

When they raise interest rates it’s middle and low income earners who tend to be most strongly affected, whereas it’s a problem which is largely the result of the super-rich borrowing lots of money and incurring recurrent interest repayments.

Is the social and political price of the high interest rate policy too high?

I’m not particularly interested in the political price, even though I’m a member of the Labor Party. It’s the personal price which worries me. The consumer advice agencies that I deal with tell some pretty awful stories. Financial counsellors find more and more people who are overcommitted. More and more people devote from 25 up to 60 percent of their income on rent. One wonders how they manage to eat. Tenants advice bureaus are encountering a new kind of tenant: the middle-aged family who’ve had to sell their house because they can’t afford the interest repayments, and who are now becoming tenants for the first time in a decade.

There’s a lot of real social suffering out there. That may be short-term, and it may be necessary, but it’s still very severe. The political cost just means we’re likely to have a change of government. On the other hand, as we speak interest rates are falling, and the stockmarket is strong...

A soft landing, perhaps?

That certainly seems to be the consensus at the moment. Mind you, forecasts are often inaccurate. I’m reminded of the winner of the annual award for the best economic forecast by the Association of Economic Forecasters, who was only out by 25 percent. When I compare economic and weather forecasters, there is no doubt that the weather forecasters do better.

Should we be trying to ameliorate some of those effects? Mr Keating, of course, has declared that to do so would be a loss of nerve.
One of the major bi-partisan planks of our current economic policy is to encourage corporations to merge and takeover smaller corporations, so Australian companies have the critical mass necessary to compete in the international markets. I would accept that, but I’d make two points. The first is that these mergers and acquisitions have been financed through borrowings. So you have people who are highly geared. In many respects, that’s been a bit of a fiasco, because they’ve taken on so much debt, that they are now commercially unstable. Indeed, there have been a number of well-publicised insolvencies and near-insolvencies. Rather than make our companies so big they’re internationally competitive, this round of acquisitions and mergers has destabilised the very corporations which are going to be in the vanguard of Australia’s economic reconstruction. That hasn’t been fully thought through.

Secondly, it creates problems for consumers. As corporations become bigger and bigger in a small market like Australia, there is a problem of diminishing competition. The obvious areas are beer and the media, but there are other problem areas such as whitegoods, retailing, car components, and steel. Industrial policy often consciously tries to reduce the number of players in these industries - the obvious example is the car plan.

It’s also become tacitly accepted within the ACTU. There are obvious benefits for the union movement in fewer, larger companies. They have to deal with fewer management, for a start. And small business is notorious for being ununionised. But if companies get too large it can undermine the bargaining power of the unions. The obvious example is journalists. If you have a fight with Murdoch in the print media, and Fairfax don’t want you, there’s no journal of national prominence to employ you - except ALR, of course...

I have the impression that the tendency of the ‘eighties, particularly on the part of the media, to lionise the corporate giants seems recently to have gone into reverse.

You’re not alone. In the mid-‘eighties there was a widespread perception that business people and the market were infallible, and that regulation was inevitably overbearing, onerous and tedious. These were the cowboys who were going to lead us in the Great Leap Forward. The crash has shown that many of them were just parasitical paper-shufflers. Now it’s been disclosed that many are up to their eyeballs in debt. Their borrowing extravaganzas are causing us real pain. People are asking, why should we be paying higher interest rates so that the government can make up for business’ debt? Business has lost much of its glamour - and with it deregulation. That’s even more obvious in New Zealand, which underwent massive deregulation, and suffered very heavily as a result in the stockmarket crash.

Some people argue that deregulation is more or less irreversible.

It all depends what areas you’re talking about. And after all some aspects of deregulation were a damned good thing. Prior to deregulation the stockmarket was simply an exclusive club where people got paid large amounts of money for doing nothing. Now it’s so competitive that stockbrokers are losing money hand over fist. Other aspects of deregulation are more complex. You can’t kick the foreign banks out. You could, on the other hand, tie the dollar to a ‘dirty float’, as the phrase goes. I don’t think it’s irreversible by any means.

DICK GROSS is business analyst for Melbourne radio 3AK and SBS television. He was interviewed for ALR by David Burchell.

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**Hypocritical Arguments**

*Evan Jones thinks it’s time to look again at foreign investment.*

Australia’s balance of payments is in a mess, but not nearly as much as the shock-horror commentary which surrounds it implies. One needs to get out from under the mountains of media nonsense written to see what kind of problem exists.

Figures on the balance of payments are set out in two accounts - the current account and the capital account. The dominant media perspective is on the current account. The media consistently gives the impression that the current account measures only the impact of commodity trade (imports and exports). A deficit on current account is presumed to be due to imports being greater than exports - Australia 'living beyond its means'.

This in turn leads to increasing indebtedness to foreigners, shown in the capital account. This account shows the changes in the net stock of financial assets/liabilities held by ‘Australians’ over the financial year. The presumption then is that the capital account is derivative from the current account.
This is misleading on several counts. The current account comprises four categories of transactions - merchandise (commodities) trade; services trade; income payable abroad (mostly on investment of capital attributable to non-Australians); and unrequited transfers (mostly wealth transfers linked to migration).

One has to look at the balance of payments 'problem' as encompassing both issues of trade (including both commodity and services) and investment capital.

On the subject of trade, there has certainly been a surge in demand - an 11 percent increase in Gross National Expenditure in the 12 months to March 1989. Whether this is 'excessive' is debatable. The Japanese could run a 10 percent increase in demand per annum for over a decade without spending being labelled excessive; indeed, it was feted worldwide.

The real problem is the structure of demand and, consequently, the structure of trade. Australia exports rural and mining produce, and imports manufactures and equipment. The structure of merchandise trade becomes apparent by examining the deficits and surpluses in trade in key commodities. In 1987-88 there were net surpluses in food ($6.4 billion); crude materials, especially wool and iron ore ($10 billion); and fuel, especially coal, ($5 billion). By contrast, there were net deficits in chemicals ($3.3 billion); manufactures ($6.7 billion); and machinery and transport equipment ($13.6 billion).

Exports of traditional commodities (wool, wheat, coal, etc) have increased solidly, if erratically. Exports of manufactures have also increased. But imports of machinery/equipment and manufactures have escalated in the 1980s. The current deficit in merchandise trade is fundamentally due to an imbalance in Australia's industrial structure.

It is clear that the current emphasis on repressing economic activity via high interest rates and fiscal austerity will do nothing to remedy such structural dilemmas - on the contrary, they will only be exacerbated.

A structure that was developed to 'ride on the coat-tails' of Britain, and later of American and Japanese interests, is no longer compatible with the global division of labour. The fact that Australia recently joined COCOM (the NATO-based watchdog for the US on technology-based exports) is testament to the continuing colonial cringe.

The media considers investment and the income payable on such investment to be a problem for 'all Australians', or the result of excessive government spending in particular.

At March 1989, total foreign investment (including equity plus debt) was $209 billion. Of that, $61 billion was attributable to the public sector ($35 billion due to general government borrowing; $26 billion due to public enterprise borrowing), or 29 percent of the total.

The bulk of foreign investment is private, and has escalated in the 1980s with the deregulation of finance sectors and closer integration into international financial flows. This process is supposed to have facilitated Australian investment abroad which could potentially offset foreign investment in Australia.

It is true that Australian private investment abroad has increased dramatically in the 1980s, reaching $46.3 billion by 1987-88 (returning $2.4 billion in income credits). On the other hand, foreign private investment increased even faster, reaching $135.2 billion by 1987-88 (returning $8.5 billion in income debits). So, the deregulation of finance has enhanced the disparity in capital flows.

Ultimately, there is a need to question the merits of foreign investment. On what terms should it be received? Are some channels and forms of investment more desirable than others? Such questions were permissible in the 1960s, but they have been taken off the political agenda since the 1970s, and no one has been able to raise them without being derided as a fool. The current 'correct line' is that foreign investment is an unqualified good thing. End of debate.

In particular, one needs to examine the legacy of the 'resources boom' of the late 1970s. What was the total investment of both public and private sectors? What has been the net impact on trade figures and on income flows? In short, did 'Australia' get value for money? To what extent are current balance of payments deficits a consequence of the resources boom as an abject failure in industrial reconstruction?

Another issue off the agenda is the accuracy of balance of payments figures. To what extent, in particular, are the figures on income payable a fudge, due to the discretionary corporate practices of global profit-shifting and tax avoidance? All commentators take official figures as gospel, whereas they have to be treated with suspicion.

Finally, balance of payments figures are calculated on the presumption that 'Australia' is a meaningful economic entity. If capitalism is a truly global system, what sense is to be made in breaking down flows in trade and capital on national lines? There are reasonable arguments for and against such figures. What is unacceptable is that Australian elites can support financial deregulation and at the same time argue that Australians (ie, wage earners) are living beyond their means and must make sacrifices. Either Australia is a meaningful economic entity or it is not - it is hypocritical to argue one way for one's own benefit and to use a contrary argument at a means of impoverishing others.

Evan Jones teaches in political economy at Sydney University.
For Howard Guille, the balance of payments controversy is much ado about nothing.

The government and the Reserve Bank are presently manipulating private sector interest rates with the express objectives of reducing the rate of economic activity, limiting imports and slowing the increase in overseas debt. These policies are deemed necessary to ensure that Australia lives within its means.

The only difference between government and Opposition on this score is the speed of adjustment; Labor is seeking a 'soft landing' without too great a reduction in living standards. The Coalition, on the other hand, wants an even tighter policy, and Senator Stone is calling for a Friedmanite 'short sharp shock'.

There is a clear logic in all this for the economic cognoscenti. The mechanical metaphors such as 'fine tuning' supposedly give comfort to the uniniated and confirms that the men are in control. Yet even though it is clear that imports exceed exports, there are some nagging doubts. One doubt is about who has incurred the foreign debt; another is the ethics of slowing economic activity when unemployment is over six percent and public housing and facilities are deteriorating.

Yet another issue, hardly discussed, is who receives the high interest rates paid by those with mortgages, loans and overdrafts. Banks deny that they are the recipients, even though they have massively increased their profits. More pertinently, such questions are not asked, let alone answered, by the finance house economists trotting on to television each night with their charts and speculations. This could be because the answers are incommodious to their clients, some of whom are presumably the rentiers earning high interest rates. It might also be because economics and accounting training simply put such questions beyond contemplation.

Most prominence is being given to the balance of payments current account. In the December 1988 quarter (the most recent full quarter figure available) there was a $4.1 billion current account deficit. The balance of payments measures transactions between people and organisations resident in Australia and those overseas. Conventionally, there are four components to the current account. For the December quarter 1988, these were:

<table>
<thead>
<tr>
<th>Component</th>
<th>Value</th>
</tr>
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<tbody>
<tr>
<td>Merchandise trade</td>
<td>- $1.2b</td>
</tr>
<tr>
<td>Services</td>
<td>- $0.6b</td>
</tr>
<tr>
<td>Income</td>
<td>- $3.0b</td>
</tr>
<tr>
<td>Transfers</td>
<td>+ $0.6b</td>
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Merchandise trade covers imports and exports of goods. Services includes freight, travel, insurance and tourist expenditures. These two categories cover traded goods and services where an actual exchange occurs. They account for less than half of the current account deficit. The major component is the $3 billion on the income account. This covers profits, dividends, interest and royalties paid into and from Australia. Note, this does not include borrowing and lending funds or the sale and purchase of property - which are all included in the capital account. The fourth component covers transfers of money made for pensions, foreign aid payments and funds brought by migrants. In the December 1988 quarter, funds brought to Australia by migrants made a positive contribution of $649 million; this amount exceeded receipts from meat and gold exports.

Some suggested solutions for the current account deficit warrant discussion. For instance, the current account should be balanced if either rural exports or those of coal and minerals were doubled. However, a combination of agricultural protectionism and improved productivity elsewhere makes increases in rural exports unlikely. The greenhouse effect would also appear to reduce the prospects for coal and mineral exports.

Alternatively, manufacturing exports could be increased from the present $1.5 billion to $5.5 billion per quarter. Yet...
'niche marketing' hardly seems likely to provide the necessary stimulus of capital equipment. Tourism is the other hot prospect; travel and passenger transport earnings totalled $1.4 billion in the December 1988 quarter. A four-fold increase in international tourist and travel receipts would be required to cover the deficit. Even with longer stays this would have immense social consequences; consider, for example, only three times as many planes landing at Sydney or Melbourne. Moreover, expansion would require imports, let alone the extra overseas expenditure as better-heeled Australian residents fled the tourist hordes.

The expansion of exports and tourist receipts is unlikely to close the deficit: a reduction of imports and overseas expenditure is clearly required. Import substitution needs promotion; the big expenditure is on transport equipment, computers, machinery and chemicals. This is evidence of the decline of capital equipment industries and failure to develop new industries in electronics and computers. More ordinary products are also imported, however: for example, in the December quarter 1988 when the deficit on merchandise trade was $1.2 billion, $0.6 billion was spent on importing food and beverages. This is a surprisingly high figure given our claimed status as a food producing nation. Assistance to and promotion of local industries is clearly justified. This should go to advanced and traditional sectors; cheese manufacture is just as important as computers.

There are some plausible reasons to balance overseas transactions for goods and services. However, the notion of an Australian balance of payments is more dubious. Goods and services are bought by individuals, not by countries. Financial deregulation has made national barriers irrelevant. For example, does 'Australia' import things when a multinational obtains a product from an affiliate which is based in another country? Just as importantly, the price at which such a transaction occurs reflects the corporate logic of the multinational. Yet that price is crucial to the calculation of the balance of payments. This is best shown by reference to the income and capital accounts. The balance of payments is calculated and presented so that the current account is balanced by changes in the capital account. A current account deficit means that capital liabilities and foreign debt increase; a current account surplus means a reduction in net foreign liabilities. However, the levels of foreign investment in Australia and, conversely, Australian investment overseas, are independent factors. Liabilities and assets build up both through buying and selling goods and services and by distinct movements of capital funds. The connection between the current and capital accounts made in the balance of payments is an accounting and not an actual relationship.

Changes in corporate and international finance have made the accounting assumption rather dubious. For example, the effect on the balance of payments would be different if an international company funded imports from Australian earnings or by borrowing from an overseas associate. In the first case, there would be a debit on the merchandise trade but no effect on the level of overseas investment. In the second case, where imports were funded by an overseas associate, interest payments on the 'loan' would be a continuing charge against current account receipts.

The balance of payments is an artificiality. Measurement of such national transactions is a product of the period of fixed national exchange rates, when a consistent surplus or deficit were grounds to alter the exchange rate. In essence, the balance of payments drove the exchange rate. In the current era of market rates the exchange rate almost drives the balance of payments. Furthermore, high interest rates encourage the inflow of speculative finance and create a further flow of overseas expenditure. It is misleading to combine individual and corporate transactions into some statement of national payment and debt. The question of whether 'Australia' can meet its foreign payments is actually a question of whether specific corporations can service their loans. There is a good argument for abolishing the balance of payments; this would not affect the real economy and would at least remove the artificial guilt we are expected to feel.

HOWARD GUille is an economist working for the Queensland Trades and Labor Council.
Communism

In Crisis

The Beijing Massacre and the recent dramatic events in Poland and Hungary emphasise that the socialist world is splitting up into reformers and monoliths. Gareth Stedman Jones traces the origins of its breakdown.

In May 1968 when student demonstrations had brought the French government to the verge of collapse, it is reported that General de Gaulle made a secret visit to General Massu to discover whether the army would intervene to restore order if the need arose. In the event, the troops were not called in; conservative sentiment within the civilian population was effectively mobilised and the legitimacy of the government preserved.

It may be presumed that Deng Xiaoping would have followed General de Gaulle’s course of action in June had the option been open to him. But it seems clear that it was not. Popular sentiment in Beijing was mounting daily, even hourly, against him. Neither the party, the police, nor the locally-based military could be relied upon to halt the process of popular mobilisation. Unable to find any accessible source of legitimacy in civil society and incapable of activating its day-to-day apparatus of political authority, the Communist Party abdicated. Its mandate from heaven was irretrievably lost. Political power was surrendered to the military and the result was an act of sickening and inhuman end to a great movement whose awesome achievements had once attracted all that was most noble and courageous in 20th-century China to its banner.

Thus, if May 1989 had begun by resembling May 1968, by June it had come to resemble June 1848 when hardened generals like Cavaignac and Windischgratz led raw and uneducated soldiers, fed on tales of the corruption and decadence of the towns, against the democratic students and workers of Paris and Vienna.

If 1848, rather than the previous history of communism, suggests a better point of comparison, it is because, by acting in the way in which it did, the Communist Party leadership turned itself into a form of ancien regime and engaged in a form of violence which marks a break with its communist past. Twenty years ago hundreds of thousands of Chinese people perished in the cultural revolution and 50 years ago millions died in the campaigns and purges which followed Soviet collectivisation. From the suppression of the Kronstadt rising in the early days of the Russian revolution through the quelling of political rebellions in Berlin, Budapest and Prague in the 1950s and 1960s, violence has been an inseparable accompaniment to the history of 20th-century communism.

But this sombre and terrifying sequence of events bears only a superficial resemblance to the violence unleashed in Tiananmen Square. It forms part of a history which is now past; it belongs to an epoch in which a world communist movement considered itself to be engaged in mortal combat with the forces of capitalism, imperialism and reaction. However terrible the initiatives of Stalin and Mao, they can only be understood within this frame. The purges and the cultural revolution were the effects of mass revolutionary processes in which millions were mesmerised and gripped by a radical demonology, a civil war waged between the imaginary social categories conjured up by political rhetoric. They can no more be attributed to the well-oiled machinery of totalitarianism than can the aroused fury of radical Islam unleashed by the Ayatollah in Iran. Similarly, the Soviet interventions in Eastern Europe in the ’50s and ’60s were also presented as the armed defence of an international revolution under threat.

Violence and metaphors of violence dominated communist language from
the beginnings of bolshevism. The class war was a war, and the tactics of the vanguard party were conceived as battle engagements. The Communist Party was thus an instrument designed for war; its unique power derived from the recruitment of civilian energy within a quasi-military formation governed by clear lines of command. From the time of Lenin's What Is To Be Done, the party's purpose was to concentrate and lead the social forces in the revolutionary struggle, and to divide and disperse state power and its reactionary supports.

The original rationale of Lenin's strategy lay in the special conditions of Tsarist Russia - an autocratic regime and thus, the necessity for the party to work clandestinely. After the success of 1917, this animating idea was extended to all states in which the new communist parties were to operate. From the foundation of the Comintern, the international communist movement was to act as one, both in leading the class struggle in particular countries and in defending the first workers' states, threatened on every side by the manoeuvres of world capitalist encirclement.

Out of this emerges the particular communist stance towards democracy: democracy was desirable, but a luxury in a situation in which the international proletarian cause was assailed by counter-revolution and fascism. According to the theory of democratic centralism, decisions within the party were supposed to be arrived at by a democratic process but, once laid down, the line was to be followed by all. It was within this manichean framework held from 1917 through 1956, that communists were able to live with and defend even the most stupefying changes of tactic and the most unacceptable uses of coercion.

It is now difficult to understand what looks like the immense credulity of the supporters of communism, unless the foundation of this belief is remembered: that is, that it was capitalism that was in crisis, while communism represented the hope of the future.

Such a view seemed to be borne out by the facts of mass unemployment and depression, of the violence of colonialism and imperialism and of the unreason underpinning fascism and other rightwing movements. But, above all, communism seemed to have the solution to the intractable problems and the devastating human waste which capitalism had engendered.

The proclaimed success of Soviet collectivisation and the first five-year plan forced economists and politicians in the capitalist world to consider the necessity to control capitalism through some form of economic planning. Roosevelt's New Deal, some 'Keynesian planning' for full employment and even the National Socialist strategy in Germany to create full employment through directed public works and rearmament were in part influenced by the Soviet example. It is easy to forget that this perception of communist economy persisted into the 1960s. China had attained greater growth rates than India and Khrushchev could confidently boast "we will bury you" when talking of the strategy of 'peaceful coexistence'.

It was not until the 1970s that such beliefs, both in the communist and in the capitalist sphere, were radically transformed. In the 30 years since 1945, mass democracy had become the norm in Western European countries and the promises of better living standards which apologists for capitalism had been making for a hundred years, became a perceived reality for the majority of the population in industrialised countries.

The perceived success of the communist model in underdeveloped countries in the 1950s was also increasingly challenged: the early successes of China and North Korea were now matched by the growth produced by capitalism in such 'underdeveloped' countries as South Korea, Singapore and Taiwan. Conversely, in the communist world, leaders and party officials had been forced to face up to the incompetence and, indeed, impotence of their economies to provide basic consumer needs and to compete in the field of new technologies, civil and military, which were rapidly developing in the West. Even more galling, it was becoming apparent that such incompetence and failure could no longer be attributed to a legacy of backwardness, but were consequences of this communist command economy itself.

This was a moment of truth of inescapable significance. It put into question the very idea of a communist state-led economy. The choice confronting communist states was either to maintain self-sufficiency (but also isolation) at the cost of declining standards of living, growing political dissent and increasing technological disadvantage; or else, to open themselves to new forms of economic thinking, attract foreign investment, and to allow for the growth of unregulated market sectors. While smaller socialist countries like Cuba or Vietnam could pursue the first choice, for the communist superpowers themselves this choice was ultimately impossible. The Soviet Union was already becoming dependent on the American wheat surplus from as early as 1927 and the intensification of the Cold War in the early 1980s imposed an intolerable strain on the stagnant domestic economy. In China, the experience of the cultural revolution was a vivid illustration of the consequences of attempting to isolate the communist state from the world.

But if this choice was ultimately inescapable, the political costs were heavy. For economic liberalisation could not but erode the core of beliefs, both dirigiste and egalitarian, which had animated and sustained communism through the first two-thirds of the 20th century. It necessarily meant the abandonment of a manichean world view in which the communist party had the leading role to play. The warlike metaphors of leninism no longer possessed purchase in the domestic or the international sphere. The egalitarian priorities of old communist leaderships were now qualified by the language of market efficiency and the necessity of nurturing an entrepreneurial spirit. In the USSR in the Brezhnev era these contradictions were resisted or ignored. But with the advent of Gorbachev the need for basic changes, political as well as economic, was confronted.

In China, on the other hand, the policy was more contradictory. Modernisation was declared a priority, foreign investment was welcomed and tens of thousands of students were sent to study abroad. The emergence of a new rich class was openly encouraged and even the army was urged to contribute to its support through involvement in bus...
ness activities. Yet, at the same time, the marxist-leninist organisation of state and party was kept largely unchanged. As the bankers moved in, and as friendship with the United States became the cornerstone of foreign policy, the modernisation of China was announced by Deng to rest on 'four cardinal principles': the socialist road, the dictatorship of the proletariat, the leadership of the Communist Party and the fidelity to marxism-leninism and Mao Zedong thought.

Such a combination could not be sustained for long, as hardliners had always warned. Along with the import of commodities and technologies came the import of ideas which inspired new and more worldly ambitions among the young. The rhetoric of revolutionary intransigence was belied by the actions of government itself. And when students organised sit-ins and hunger strikes and when banners were waved in English as well as Chinese as the world's press corps looked on, there were neither procedures nor precedents to fall back upon in response. The language of leninism was no longer able to encompass these phenomena. Its once powerful dicta now sounded hollow and formulaic. In previous popular upsurges rebels had been denounced as 'running dogs', 'lackeys of American imperialism' or as 'capitalist readers'. What conviction could this language now possess?

It was perhaps a tacit recognition of the new situation that the government did not in fact employ it. Instead, students and workers were denounced in terms more reminiscent of the sewer metaphors of 1848 - as 'rats' and as 'social dregs'. In China, marxism-leninism was at the end of the road, both in word and deed. 'Put politics in command' had been Lenin's first injunction and on the basis of this pronouncement, two of the most powerful armies in the world had remained for fifty years firmly under Communist Party control. Now, bereft of any further ideas, the party abdicated in favour of the army and the People's Republic descended to the level of a Francoist military dictatorship.

Deng may dream of returning to normal. But there is no normality to return to. For the greater emancipatory movement in China which began on May 4, 1919, has now passed finally out of Communist Party hands.

GARETH STEDMAN JONES teaches History at Cambridge University. Reproduced in an edited form courtesy Marxism Today.
The June massacre highlighted the shallowness of legality in the 'new China' of the 1980s. It also highlighted the tragic naivety of the reform movement. Michael Dutton and Steve Reglar argue that the obstacles to reform are now greater than ever.

In December 1988 two of China's leading dissident intellectuals, Yan Jiaqi and Wen Yuankai, were invited by the magazine *Economics Weekly* to express their views about the future prospects of the reform process in China. Both were extraordinarily pessimistic. China's reform process, they suggested, had sunk into a 'quagmire' and the future of reform was, as a result, not bright. China lacked the necessary constitutional guarantees which would ensure basic citizen rights.

Certainly there was a constitution and, within this, a series of legal guarantees were offered. The problem was that these guarantees were expressed in such abstract terms as to render them next to useless. Worse still, the abstract nature of the constitution meant that its clauses were easily manipulated for political purposes and thus the guarantees themselves could become a cover for a series of actions which could, ultimately lead to the deprivation of rights. Hence, despite the fact that the reform regime of Deng Xiaoping had done much to put 'rule by law' on the reform agenda, much still needed to be done so as to ensure that law could be made effective. No longer were the legendary demands of the May 4 Movement in China enough.

The demands of the student radicals in the 1919 May 4 movement for a regime which would organise around the twin poles of 'Mr Science' and 'Mr Democracy' was inadequate in the 1980s, they suggested. Wen Yuankai in particular went on to suggest that a new 'gentleman' was now needed to supplement the other two. This 'gentleman', he said, was the much neglected 'Mr Law'. Wen claimed that, without the presence of 'Mr Law', reformists could easily become the victims of 'illogical political actions' carried out by the authorities. Such actions, he suggested, could even result in the government "wielding the big stick" against reformist elements and entail the "wholesale and illogical criticisms" of such elements by the government. The massacres and lies which have followed the savage repression of the Tiananmen demonstrators vindicate Wen's pessimism.

Indeed, this article itself became the subject of "wholesale and unwarranted criticism" when the mayor of Beijing, Chen Xitong, picked it out for special criticism in his address on the subject of the June massacre to the National People's Congress on 30 June 1989. Chen suggested that the publication of this interview with Wen Yuankai and Yan Jiaqi was designed to "whip up public opinion" so that the program of bourgeois liberalisation could be pushed forward "with even less restraint". Moreover, Chen suggested, this 'attack' upon socialism by Wen and Yan was done in collaboration with 'external forces' who were implacably hostile to Chinese socialism. Yan and Wen's discussion, far from being fair comment on the weaknesses of the reform program, was treated as reactionary criticism designed to undermine the socialist reform program itself.

Yet it is quite clear that discussions of the need to extend legal and constitutional rights and guarantees was not solely the preserve of supposed 'reactionaries' and 'dissidents' such as Wen and Yan. Indeed, the very leadership which so brutally suppressed the student movement in June this year had itself, in the late seventies, championed the issue of legally constituted rights. It was indeed one of the central tenets of the post-'Gang of Four' leadership in China that rule by law was needed to overcome the 'lawlessness' of the cultural revolution.

From the mid-seventies onwards, the party and state embarked on a massive program to reinstitute the rule of law and its legitimacy. The legal profession was revitalised, codification and ratification of substantial bodies of legislation in all fields was undertaken and a very real and serious attempt was made to spread and popularise legal knowledge. The early 'eighties also saw the beginnings of a whole series of institutional reforms which were...
designed to democratise the government. The local elections of 1980, the relaxation of political constraints within intellectual circles and the attempts to implement some of the market socialist ideas of Hungarian and Yugoslav socialism all pointed to a limited and cautious expansion of rights at this time.

From the early days of reform discussions in 1978 to the demonstrations in Tiananmen Square, there has been a recognition that the fate of all reforms rests in finding a way of separating the work of party, state and the economy. Reformist political economists argued that control of the economy should be vested in economic managers, who would make decisions according to their understanding of how 'objective economic laws' operate. Political decisions would no longer override important economic considerations such as the level of pricing, investment and accumulation targets. And increased enterprise autonomy would allow managers to make rational decisions concerning production levels and future developments.

This world of decentralised economic management, however, would not be anarchic. The Chinese leaders may have feted Milton Friedman in Beijing, but they were not converts to laissez-faire capitalism. Reforms would be subject to what Deng Xiaoping termed the 'Four Cardinal Principles': "the socialist road, Mao Zedong thought (even though it was stated that the late 'Chairman' had personally deviated from the essence of his thought in his later years), People's Democratic Dictatorship, and the primacy of the Party". The problem was how to reform within these stipulations.

The answer rested in invoking economic laws backed up by constitutional law. Legally enforceable contracts, income taxation instead of profit resumption by the state and banking loans made on commercial criteria would provide the integrative mechanisms necessary.

Law and constitutionally defined rights were considered functionally necessary for the introduction of sound economic management as they would clearly establish the responsibilities of all parties concerned, and thereby prevent chaos. Law, in setting the rules of the game, would also define and delimit the boundaries of state and party in economic and political life.

Henceforth, the party and its officials would be subject to law. A clear division of labour would be instituted where the party would concern itself with the long-term goals of mapping a path from "underdeveloped socialism" to "developed socialism" and eventually to "communism". The party could also carry out campaigns designed to encourage a "socialist" consciousness in the masses. The campaign to promote a "socialist spiritual civilisation" conformed with this rubric.

Accordingly, the state would gain a degree of autonomy in determining immediate policies and representing the people. The state would formulate the laws which would control the economy and give enhanced rights to the people. The problem was that, given the nature of leninist organisation, the party had to have policy superiority over the state and the economy in the final instance. Predictably, this 'last instance' unlike an Althusserian "last instance", did eventuate on many occasions.

The citizen and property rights guaranteed in this process of reform were far from being 'empty shells', but neither were they open-ended. From the very start of the reform process, however, it was clear that there were predetermined limits to these rights. When the criminal law could not accommodate the party's immediate goals there was little hesitation in resorting to extra-legal means. The trial of the so-called 'Gang of Four' was a case in point. It was little other than a show trial with little weight being given to defence pleas. The same can be said of most of the trials of the democracy wall dissidents of the late 'seventies and, in particular, the notorious trial of Wei Jingshen. This tendency to utilise extra-legal means when thought necessary was, however, not solely confined to the policing of political dissent.
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* Burkina Faso (formerly Upper Volta) is north of the Ivory Coast, in north west Africa and red sorghum is the staple diet.
In late 1983 a series of police sweeps was instituted as part of a general crackdown on street crime in China. To facilitate such police action, key sections of the Constitution were suspended. Emergency measures were invoked, increasing dramatically the type of sentences which could be meted out for those crimes targeted in this campaign. In addition, the procedures for dealing with these elements were 'speeded up'. Summonses were no longer necessary and details of the charges were no longer forwarded to the defendant's counsel. The right of appeal was severely limited. Arbitrary arrest and, in some cases, execution of criminal gangs and so-called 'hoodlum elements' followed. Reportedly, quotas were set for the arrest and execution of corrupt and criminal elements. It has been estimated that some 100,000 people were arrested in these nationwide sweeps. Legally defined rights were denied to the accused criminal and the convicted criminal in this campaign.

All this was fine as far as the general public was concerned, so long as the erosion of rights was confined to marginal, criminal and generally undesirable elements in society. The problem is, however, that the erosion of rights which was actively supported by the general public when instituted against hoodlums in 1983 and against prisoners generally has now been turned against significant sections of the population at large.

Perhaps the best way of understanding the structural mechanisms which impel continued incursions of human and legal rights stems from the dissident party theoretician Su Shaozhi.

For Su, neo-authoritarianism arises from feudal remnants. Feudal remnants are a continually reproducing feature of contemporary Chinese society. Nor are corruption and official malevolence, as some party bureaucrats would have it, a result of the reforms or of the 'open door' and western decadence. While, arguably, western influence has its decadent effects, the primary cause lies in the continuing fusion of political and economic structures.

The rigid, hierarchical structure of Chinese society encourages almost feudal-like networks of patronage, all leading towards the centre. The Chinese party-state has been described by one writer as "a stratified system of corruption". Critically, there is no democratic check on bureaucrats, senior party leaders or the party itself.

Our own parallel, albeit on a milder scale, is Queensland, where Commissioner Tony Fitzgerald QC has emphasised the link between the state's undemocratic electoral system and the entrenched networks of corruption.

The other, less believable, line peddled by some socialists is that somehow foreign capital was involved in the massacre, or that it would be a beneficiary. In this way, some seem to think, foreign business is implicated in the massacre and the crackdown.

Despite the iniquities, waste and untrammelled economic power usually associated with multinationals, the above argument misses the point, or several points.

Foreign businesses - not to mention foreign embassies - were fired upon by troops in the weeks following the massacre. Even the China International Trade and Investment Corp (CITIC) building, the skyscraper citadel of modern Chinese business and head office to many western companies, was strafed with gunfire. Over this and other similar incidents, no apologies have been issued.

Meanwhile, not only have many foreign businesses withdrawn, but the goodwill which led many of them to China in the first place has evaporated.

Holding the reins of power now in China are those such as Chen Yun, xenophobic old men who despise virtually all of the economic and social advances of 1987-89, including any involvement with foreign capital. As we now see, they are doing their best to turn the clock back.

Robert Clark.
'western democracies' as workers' movements and civil rights activists have long known to their cost. However, legitimate dissent in leninist regimes does represent a very special set of problems.

The failure of Chinese reformers to set out clear criteria for dissent is compounded by their failure to set out exactly what the rule of law and democracy might mean in practice. There was also, with only a few exceptions, a failure to link political and legal reforms to the actual practice of economic reform, or to consider what material basis there might be to underpin political and legal practice. Compounding these inadequacies has been the practice of disssident intellectuals of continuing the traditional Chinese intellectuals' long-practised disdain for workers and peasants.

The result is that intellectual dissent is relatively easily dismissed. Workers and peasants need political and economic programs which will work, and their interests have to be considered and addressed. The high-sounding phrases of intellectuals calling for democracy and law will fall on deaf ears if such interests are not dealt with.

The result was that, while a large number of workers were sympathetic and some were active in challenging the ancien regime, there were contradictions of considerable proportions evident: contradictions such as real wage decline for workers and spiralling production costs to peasants which would only have been exacerbated if further economic liberalisations, advocated by intellectuals, were implemented. Hence, an alliance between intellectuals, workers and peasants was always a limited, fragmentary one.

Considering the writings of intellectuals on law, and democracy as a whole, one is struck by the naivety which pervades much of it. This is not simply the naivety of students who reportedly admired the democratic nature of South Korea, Taiwan and the USA or of Fang Lizhi's views on western democracy and social theory. There is a child-like faith in constitutional law as the basis of freedom and willingness to consider only grand theoretical issues which in the main makes much of the writing untranslatable into action. Debates as to the class nature of law and the nature of humankind are important. But they can signify that debate is being diverted into non-threatening forms.

It is peculiar that intelligent scholars who are well versed in Soviet history can still place their faith in constitutional legal provisions. Stalin was correct when he declared that the Soviet Constitution of 1936 was the most democratic in the contemporary world! As we all know, however, this constitution was not worth the paper it was written on. Flagrant and monstrous violations of human rights even claimed the reputed author of the constitution, Nicolai Bukharin.

Constitutional law and democracy require a social basis. The conviction that human beings should be treated as bearers of rights and possessors of legitimate interests needs to be sustained by an ongoing practice. The introduction of constitutional law in an essentially feudal political and economic system where state and economy are effectively fused and party officials have privileges conferred by their position is bound for failure.

Constitutionalism requires that each person is a separate autonomous subject who possesses inalienable rights. It states that such rights can only be surrendered after due process and it requires an economic practice which supports the treatment of others as subjects in their own right. Institutional arrangements must reflect this principle of autonomy. The dominance of the political over other fields of practice and other institutions tends to negate the ability of constitutional law to protect individuals. The rule of politics over economics and iron discipline over politics subverts the proper relationship of polity and state.

Su's analysis is perhaps explained more fully if we examine the ways in which an essentially feudal economic management can maintain an intransigent hierarchy. The political economist He Jianzhang stressed that the economic structure of China was inherently hierarchical. It was akin to an ancient system of patriarchy where production took place in semi-autarchic family units. Exchange of goods and the creation of an extensive division of labour threaten such a system and threaten the patriarch's power.

He claimed that concentrating on the question of centralisation versus decentralisation in the economy, political and market, is really misunderstanding the nature of the problem. The problem of reform in the economy was to break up a system of hierarchies which linked centre, region, locality and enterprise into a chain of command with lateral co-ordination only attempted at the highest echelons. Reform was frustrated because there was a considerable community of vested interests in each chain. Hence, worker and bureaucrat alike would strive to maintain their common interests in the preservation of the status quo. For He, the main problem was economic reform. It meant separating state, party and economic management and creating a system of commodity exchange which would break up the vertical chains of vested interest by creating intermediary links through lateral exchanges of things, in part by extending the division of labour and by increasing enterprise autonomy.

The argument needs to go further than He Jianzhang takes it. Marx stated that short of a fully developed communist society where real costs would be eliminated, if we took away the social power of things (commodities) we had to give it to individuals to exercise over others. Political power over the economy, if it took patriarchal forms, would be the enemy of freedom. While freedoms enshrined in bourgeois constitutions were limited, they were nonetheless a significant advance over feudal privilege, and they were an essential precondition for broader freedoms.

This point is critical for China. Constitutional law requires the introduction of an economic system and a political system which guarantees individual freedoms and allows the creation of reforms in state, party and economy. Resorting to persecution or to prior forms of organisation is essentially futile. In the long term, the reactionaries who ordered the repression of the Tiananmen protests will be recognised for what they are. The reform program must continue and must deal with political and legal reform. These are now more urgent than ever.

MICHAEL DUTTON and STEVE REGULAR both teach Chinese Politics at the University of Adelaide.

ERRATA: In ALR 111, the Briefing on the June 4 massacre mentions 'tens of thousands' of dead and injured. This should have read 'thousands'.
Political?
After a Fashion

How does one justify fashion in a world wracked by Serious Issues?
Kate Stead wonders...

Earlier this year, the *Sydney Morning Herald* published an extract from a new novel called *Fabulous Nobodies* by Lee Tulloch. Already on the stands was *Follow Me* magazine with a lengthy extract and interview. That Saturday *The Australian* reviewed the book and the successive issues of *Vogue* and *Harpers Bazaar* were simultaneously launched containing articles written by, or about, Lee Tulloch.

It was only the beginning of an avalanche of media attention to come in the following months.

Someone should write an article about the power of publicity. But this is not it. Nor is it another interview with Lee Tulloch who, by the time you're reading this, will probably be busy preparing for wealth and fame back in her adopted New York City.

If *Fabulous Nobodies* doesn't command the biggest cult following since Audrey Hepburn showed her funny face on film, and if the book doesn't become a fabulous movie to boot (thigh high, please), I'll eat my Philippe Model hat.

Any yarn that could turn Phillip Adams on to fashion has got to be good. It's particularly medicinal for someone struggling for the meaning of life in a sea of chiffon (read velvet/linen/wool/lycra, depending on the month; stripes, prints, plain or tie-dyed depending on the year).

To watch yourself considering the importance of hem length with all the earnestness of a brain surgeon washing his or her hands is, with kindness to oneself, a cringing experience.

Imagine telling a real journalist - say Robert Haupt, instigator of Royal Commissions - that you write about frocks. Try justifying hours of watching fashion parades when you see a group of handicapped children shining with joy in the simple pleasure of being taken to the zoo. What's it all about Satisfied?

Well, *Fabulous Nobodies* comes close to revealing all.

The title is almost self-explanatory and if you don't know the story of the character named Reality Nirvana Tuttle (her mother was a hippie) by now, you're not exactly out, but you're borderline for sure.

If you can manage to get a copy, read it fast, fly to New York, barge past the 'doorwhore' of the hippest nightclub in Manhattan (we don't think it's Nell's any more) with the book under your arm before its release in America, then you will be assured of fabulousness too.
Well, for a minute anyway. The rest is up to you - as Reality Tuttle says "there are dozens of rules. If you're fabulous, you know them instinctively, if you're not, you don't. It's simple." If you're not intrinsically fabulous, she'll expose you in a second.

It is tempting to consider the idea of this book being a kind of personal exorcism for Lee Tulloch. She did tell Phillip Adams on the wireless that as the editor of *Harpers Bazaar Australia* she had a struggle with a conscience that told her there were more important things in life than the latest shade of pink. At her book launch she told us she was satisfied in the end that fashion is a valid pursuit.

An ex-Harpers beauty writer recalls Tulloch's style - "she was always searching for alternative ways to show fashions. She called her vision of the magazine 'one that had intelligent fashion'."

In the book, the central character, Reality Tuttle, is someone whose

It's hypocritical to call it a contribution to society and the arts. It is. But so is graffiti.

Look at the six o'clock news, watch a trained labrador display his duty with a single focus while steering a blind person from danger. Visit Calcutta. Tell me fashion is important. It's not. But neither is the six o'clock news.

What it is, is fun. And funny... Recognising this is the only way to validate fashion.

Oddly, the worlds of sport, politics and fashion are closely paralleled. In each game the players so easily forget that it is a game and give the object, real or imagined, more importance.

*Fabulous Nobodies* reminds us that the game of fashion, at least, is played best with a light touch, a sense of humour, and madness. It's much more fun that way.

Kate Stead is fashion editor of the *Sydney Morning Herald*.
The problem for the authorities is reconciling an increasingly conservative ideological line with ongoing economic reforms at a time when the economy is plunging from crisis to crisis.

Discontent is almost tangible, not only in the cities but also in the countryside. The economic reforms began in Sichuan Province in the South of China. Yet, when I visited farms outside the provincial capital of Cheng du, relatively wealthy agricultural workers complained that they were being paid by IOUs, with inflation eating away at their savings. Their reasons for dislike of central government policies were rarely well articulated, but they felt sure something was going wrong. Not identifying with the student protests, they still voiced their anger at corrupt party officials, high inflation and petty restrictions.

Within Cheng du itself, factory workers were also angry that they weren’t sharing in the full benefits of the reforms. They could see the higher standard of living being enjoyed by many farmers, but had little opportunity to share in the liberalisation themselves.

The events in Cheng du provide a glimpse of what was happening all over China in early June. Restrictions on journalists meant that the events in Beijing received almost blanket coverage, while the provinces were ignored. But those who could travel saw scenes of rebellion all over China.

A cocktail of resentment formed in Chengdu on 4 June: it was brought to a head on 7 June, just after the Beijing soldiers cleared Tiananmen Square. Peoples Armed Police surrounded a statue of Mao which dominates the central boulevard in Cheng du. Here, a small group of between twenty and forty students had set up a loudspeaker system and were maintaining a vigil. Eyewitnesses reported that the police moved in with horrifying brutality. According to students, a young woman was bayonetted to death, while another male speaker was beaten repeatedly with rifle butts until he also died.

However, the Armed Police did not envisage the intensity of the reaction against their actions. By eleven o’clock the next morning, a huge crowd of thousands of people had formed, protesting against the violence. Soon another confrontation began and the thin line of police had to be reinforced.

Protesters staggered to the back of the crowd with blood streaming from head wounds, but the police soon gave ground under the weight of numbers, and broke up. Those who could were left to cower in their barracks, occasionally firing tear gas grenades. Others were beaten by the workers who now formed the majority of the demonstrators. Some were even saved by students who everywhere remained remarkably disciplined. A fire began in the market quarter of the city, razing it to the ground and, finally, a hooligan element took over, looting shops and raiding the two foreign hotels on the main avenue. It was only then that the police finally regained control of the city, as many of the students had left the demonstration once they saw the anarchy it had become.

Again, in Cheng du, the same scenes of repression took place. I toured deserted university campuses. Armed police marched and patrolled throughout the city. Shots could be heard in residential areas at night. But the rule of terror is not tackling the underlying causes of the protests.

The western media often finds it difficult to portray our own society accurately. Pressures of deadlines, incomplete information and the need to provide titillating stories for the punters interfere with newsgathering and reporting. Those pressures were accentuated in China to a degree which sometimes compromised reports and occasionally provided the wrong impression altogether.

Who can forget the television pictures of the lone student who stood in front of, and then halted, a column of tanks by his sheer bravery? The image was a graphic symbol of ‘people power’. But the camera operator could not follow up the career of the tank commander who was reportedly demoted and ‘re-educated’ - or the student. Hong Kong press reports say he was shot by troops hours later... part of the story television cannot tell.

There was little apparent logic in the deportations. At the same time as a British ITV television crew was arrested at one university, an ABC TV crew was filming a short distance away and remained undisturbed as they took photos of burnt-out buses and trucks, near where a Reuters camera operator was arrested. At almost any time the Chinese authorities could have deported nearly all the western journalists, most of whom were admitted on tourist visas as proper accreditation was impossible to get. Inexplicably, they did not.

These contradictions sum up much of the reporting of China. Revelations would suddenly illuminate one part of the jigsaw puzzle of events. An example was the time the soldier on guard outside the Australian Embassy laughed at my concern when he pointed his AK47 rifle in my direction. Pointing to the safety catch, he showed me there were no bullets in his magazine - the rifle was unloaded. It was only as I walked away I saw a pouch on his uniform was slightly open. From the magazine inside I heard in residential areas at night. But

NICK STUART reported from China for ABC radio in June.
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There's a lot we already know about the story of Scandal! In 1961, nineteen-year-old Christine Keeler was sleeping with two men: one, the Conservative government's Minister of War, and the other, Ivanov, a suspected Soviet spy. Two years later it became a security scandal and drew a messy resignation from Jack Profumo.

Five days later, Stephen Ward was arrested and charged with living off the immoral earnings of Keeler and Mandy Rice Davies. The following furore centred around these players in the trial, with Stephen Ward made the 'evil man' and overdosing before the jury found him guilty.

We also know that there was a grave miscarriage of justice, a whitewash of an inquiry; that Stephen was either being used by MI5 or spying for the Russians, and his trial became a not entirely successful device to distract attention from intelligence matters. We know his aristocratic friends' abandonment of him showed not his guilt, as Justice Marshall hinted to the jury, but the hypocrisy of members of the establishment. And it was all very well for Profumo to go on living quietly and be knighted for his charity work in the East End of London, but Christine was reviled for years after she was spat upon outside the Old Bailey.

But are these the stuff of film or just of cliche? None of this common knowledge tells us why the case caused such massive consternation and delight; why it has continued to mobilise such enduring fascination, or why even now it is still invoked as the case which 'brought down a government'.

Part of the game of scandal is that we cannot completely know. We have rumours, stories, accounts, but no absolute truth, no final version. Was Macmillan prevented from confronting Profumo by a revulsion to the whole idea of adultery that stemmed from his wife Dorothy's thirty year long affair with Tory MP Bob Boothby? Would Profumo have been unable to deny the truth if Macmillan had? Would he and the government have got away with it if he had not lied to the House? Was Stephen patriot or spy, charming socialite or manipulating letch?

It is the multiplicity and disparity of these stories and the questions they trail
that reveal the insecurities around shifting class relations, notions of Britishness and, most crucially, a notion of sexuality defined in opposition to family life which obscures its politics of gender and class behind discourses of morality. As Macmillan later remarked, the problem wasn’t that Profumo had his affair but that he didn’t keep the two sides of his life separate. Less a matter of morality than domestic management.

This drama has become a byword for a hypocrisy that can be pinned on something called ‘the establishment’ and so disappears with a fallen government. But it is the arrangements made within the pressures and constraints of the social, the contradictions of ordinary ways of living shown by it that has allowed the Profumo Affair to mobilise fascination and repulsion in the public imagination for twenty-five years. These are the points of its intelligibility.

If it is conflict and contradiction, stories upon stories, which lend power to the intrigue of scandal, these are entirely absent in the case of Scandal! It functions as a blow-by-blow account of events that fit, where narrative tampering simply reinforces the sense of there being a ‘real’ story and diverts us from the more involving mythology that surrounds it, the questions that circle around individual motivations and behaviour.

The film runs past us yet again the popular assumption that people will do whatever they can get away with, the one about privilege and opportunity and diseased upper classes, the one about those who have come from nothing and have nothing taking what they can, the one about getting caught being the problem and the affair leaving no one but victims. So there is no room for gendering the account of who took advantage of whom, how, nor for considering the ethics of conduct. In this tightly-worked mono-dimensional narrative of the social, all-too-predictable in its outcome, there is no way of situating an audience within its boundaries of implication and naivety, nor allowing it positions of judgment. We are what we are told.

And what of the figure around which the instabilities and ambiguities of the scandal cluster, Christine Keeler? Heroine of the chat show, Christine has achieved a new becoming. No longer is she the broken bitter victim who lives in the past, but a woman who lives (in a Chelsea council flat) with her grown-up son, wears a black cutaway Emmanuel gown that gets her top billing at the premiere, and has a smart remark for Jana Wendt. There are two Christine Keelers: the figure who writes her own autobiography and identifies herself with the woman who participated in the events, and the symbolic object around which others’ fears and desires are played out.

Christine’s account of her early life is almost undeniably painful and the story of her repeated pursuit and rape a nightmare. But as she moves through her account, her voice emerges to situate herself as an active participant in her narrative, instead of the object of others’ actions. Unfortunately, this is a much more unpalatable Christine: snobbish, dying to dump on Mandy, a woman whose self-justifications become disingenuous against her continued abuses of friendship, casual betrayals and petty exploitation. Though she has been excused for her youth and class, it is more difficult to do so for her parade of such actions now and they undermine her romantic claims that she would be with Stephen today if not for the Profumo Affair.

Christine as object is the central figure of ambiguity and notoriety; Christine represents the unspokenable of that scandal. She is an icon of dangerous sexuality which has enormous symbolic potency not because of what she did but because of how others used her to exercise the preoccupations familiar to conventional masculinity. As object, she is as difficult and unknowable as she is a narrator - both rely on a tension between the different versions of her story, what her accounts tell us and what we learn from other sources.

And so the film trades off her. Its poster is dotted with stills of the actors but, in the space where Joanna Whalley should be is Lewis Morley’s famous shot of Christine sitting astride a chair, knees bent as they meet the floor in a pose which hints at abjection, her stare coolly absent. But while films can become important when the stories of the past are explored through the concerns of the present, this one asks none of the interesting questions raised in the interim about what it all - or she - meant.

It is the iron hand of a simplistic form of realism (something which has blighted so much of recent British cinema) which prevents the film managing this ambiguity. Realism as a style depends on appearances being what they seem, detail being authentic. It is too literal to cope with these diverse dimensions. It avoids the dilemmas of knowing. For the narrative film to move into history it needs an acknowledged weight of unspoken conflict. Scandal! fails to build the heaviness of meaning which informs both melodrama and historical representation; the analysis and connections. For that, see Dance With A Stranger, which is a decent melodrama as well as being a remarkable account of class and gender relations in ‘fifties Britain.

Here Joanne Whalley shoots lingering heavy-lidded looks around while she measures out her Nescafe from the tin. But they are empty of the resonance of heavy implication characteristic of melodramatic complexity. Christine is indeed shown only through what others make of her, a surface on which others project their desires. That no one making this film thought to examine the contradictions of her own persona, the tension of her conflicting desires, surprises me, to say the least. There’s a shot in the film where her face is obliterated by a huge glass penis on a table occupying the foreground. It says more than it’s meant to.

This isn’t much like a film review and so I’ll remedy that by saying John Hurt was good and so was Ian McKellen (despite his unfortunate plastic head) And some of us would have been quite happy watching the opening - Stephen Sinatra, London buses and pastel frocks. As Christine herself says in her review of the film: “the scenery is pretty and the clothes are OK”.

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The Year of Producing Dangerously

Austalian films are likely to keep that American accent, says Toby Miller.

1989, 'The Year of the Producer', according to the Australian Film, Television and Radio School. On one level this registers the school's own shift away from degree-style programs and towards short courses catering to film industry professionals. But it also points to a watershed in Australian screen financing, with the replacement of taxation incentives by the Film Financing Corporation (FFC): funding before the fact via direct public investment, scheduled to amount to about $300 million over the next four years.

It's a more innovative, positive investment than the old 10BA system, described by Paul Keating as a scheme "which we now equate with 254T". The catch is that 30 percent of the money for films sponsored by the FFC must come from the private sector before any corporation support is forthcoming. With financial institutions advising yuppies that a 12 percent return on film does not match 20 percent on negatively geared property, producers are frequently having to raise such finance themselves and through pre-sales to overseas outlets.

The FFC is actually misnamed in that almost half of its money is destined for television. Of the forty-one projects approved since November, only thirteen are feature films. Now the overall trend in tele-drama is towards international joint ventures. (The Seven Network reportedly has a dozen co-productions planned.)

Increased overseas production costs and decreased overseas commercial TV profits, coupled with the success of satellite and cable services, have provided a leg-in to overseas markets for Australian TV. That, plus the 'need' for our feature films to cross the Pacific in search of US audiences has encouraged the FFC to pay unnamed American sources to provide direct marketing assessments of proposals. It's an internationalism that sits well with many producers ('our criterion now is not 'Where's a great Australian story that we can make?', it's 'Where's a great story?' and where it's made doesn't matter'). But it has also led to a bitter public correspondence between the FFC and others who are disturbed by the 'un-Australian' elements implicit and explicit in such arrangements and are asking about the likely impact of such procedures on local content within scripts.

This has flushed out divisions within the corporation itself. In the same week as the FFC's chair, Kim Williams, gleefully announced that it "makes no assessment of the aesthetic or intrinsic worth of a script. It assesses only the deal", his deputy, Patricia Edgar, was reported as calling for revised guidelines from government which would encourage "projects which show quality, craft, interest and Australian identity".

What is going on in the corporation's $250,000 a year banker-style North Sydney accommodation?

We know that the Australian film-going public is at record levels of activity. 1988 saw admissions up by seven million, box office revenues up by $40 million and two Australian films in the top ten grossing releases. It may be that this is to do with the rediscovery of cinema as event by an audience that has over-consumed video. One senses that it is distribution and exhibition conservatism that precludes a decent outing for quality Australian films. The Accused is a 'difficult' Hollywood film that succeeded here. But we wouldn't really know about the 'standard' audience's taste in wonderful local sub-cultural movies like Mull and Tender Hooks because major distributors choose to offer it either the elaborate rape fantasy of Dead Calm or the pre-modern bourgeois mid-life crisis of Emerald City.

These sorts of issues are gone over in detail in The Imaginary Industry: Australian Film in the Late 80s*, Susan Dermody and Elizabeth Jacka's recent update of their invaluable two-volume Screening of Australia. The volume is built around the opposition of commercial with critical, radical with conservative, nationalist with internationalist and picturesque with innovative. These oppositions are never absolute, but they are convincing representations of the debates that form the entity known as 'Australian cinema'.

Jacka's chapters on state funding support, the production business, government film organisations and overseas links are exemplars of how to make public policy and organisational studies both readable and committed. On the score of textual analysis, the book becomes a little like a shopping list in its obsessive desire to classify each and every Australian feature and/or describe the politics of particular films and their methods of advertising. Unlike their first two books, Dermody and Jacka have enlisted other writers, and it is in Stuart Cunningham's admirable study of the Kennedy-Miller group's mini-series that the necessary connections are drawn between production, narrative, filmic style and social circulation. If we are to keep up with where the industry is going, this approach provides the best way forward at a time which offers both constraints and opportunities for progressive Australian film practice.

TOBY MILLER teaches in Humanities at Griffith University.

*S. Dermody & E. Jacka, The Imaginary Industry: Aust. Film in the Late 80s* (Sydney, Aust. Film, TV & Radio School, 1989).
Dear Dr Hartman,

Can you help us with our Billy?

Billy is blonde, bright and nearly two years old. He is a much-loved only child born to me unexpectedly at the age of 41. Although his arrival was not part of our life and career plans, my husband and I welcomed him with joy and we love him very much.

However, in recent months, our joy has turned sour.

Billy has turned into a monster. My life has become a bad dream. When he eats with us at the table it's like watching an old Roman feasting scene in a B-Grade movie. There's food everywhere, even in his hair. It turns me off my dinner. My once tidy house has been turned into a pigsty. All the floors are covered in itty-bitty pieces of coloured plastic which get impregnated in visitors' feet and have to be surgically removed.

From five each afternoon he turns into a whingeing and whining wretch, answering every simple request in a high-pitched tone which sets my teeth on edge and makes the hair rise on the back of my neck.

And then, last Thursday morning he went missing for nearly an hour. I was so worried I became frantic. I finally found him hiding under my bed smearing poo all over his teddy. (That teddy used to be my teddy when I was a child. It was awful to see it ruined.)

Half-mad with anxiety, I snapped. I dragged him out from under the bed and slapped him so hard he flew across the room and cried insconsolably for over half an hour.

Doctor, I feel so guilty. I've always considered myself a humane and progressive person, opposed to corporal punishment. But Billy is driving me to distraction. I'm too ashamed to tell my husband what happened. What should I do?

(Signed) Desperate, Burnie, Tasmania.

Dear Desperate,

What on earth are you worrying about? You've done just the right thing. Next time you get a chance, give that little blighter Billy a good hard slap from me.

I've seen this kind of psychotic anxiety over the question of discipline in so many of my leftwing inner-city patients. You remind me of a young couple who came into my clinic the other day. This laddie and lassie had been active campaigners against prisons and police brutality for years. But they'd recently had a frightening experience.

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Father had been up all night pasting up posters on inner-city walls. It was mother's job to keep their toddler quiet the next morning so that father could sleep.

But the toddler wanted to blow his trumpet. He wanted to blow it very much.

Mother explained in a calm and rational way, in a normal voice, that playing the trumpet at 5 am is unreasonable. Two seconds later, toddler blows the trumpet.

Mother explained that, for the welfare of the community as a whole, the freedom of the individual may have to be curtailed. She advocated self-discipline.

Child blows trumpet.

Mother removes trumpet.

Child screams, making more noise than trumpet ever did.

Mother puts child in bedroom and says "Don't come out until you can behave."

Child runs out of room, jumps into toy fire engine and turns on the siren.

Mother grabs child, puts him in room and shuts the door.

Child pushes on door to get out. Mother pushes back. Child and mother fight over door until, finally, mother wails in despair and locks the door with the child inside. And she screams "You're staying in that room and you're never coming out."

Then mother turns and sees father looking on in horror. Suddenly it hits her that she has recreated Katingal and Jika Jika within her own home.

Psychosis soon followed. She's been an in-patient at my clinic ever since.

Desperate of Tasmania, I urge you to adopt a straightforward authoritarian approach to controlling your child or else you may suffer a similar fate to this woolly-minded anarchist.

Put Billy in some good old-fashioned leather reins and tie him to a tree in the back yard whenever he gives you trouble. As for this messy eating problem, feed him in the laundry with the cat. He'll learn to love Whiskas after a while.

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Most important of all. If his little hands wander, as boys' hands will, into the front of his pants, you must write to me immediately. I'll send you a pair of canvas mittens to strap onto his hands which are guaranteed to prevent mind-numbing practices.

See you at my clinic.
Travelling Nowhere


Jean Baudrillard went to America. Indeed, he often does - as a French superstar/philosopher/intellectual. And when he wrote of his travels, everyone sat up: what would this eminence grise make of America? He concluded that American culture "is a seismic form ... born of a rift with the Old World, a tactile, fragile, mobile, superficial culture".

But did we need Baudrillard to tell us this? Like Umberto Eco's Travels in Hyperreality, Baudrillard found a ready market, an audience eager for his impressions. This eagerness was reflected in the physical presentation of the book: the French version, published in 1986, appeared as a paperback without illustrations, while the English version is a 'coffee table' book, with a photographic jacket, glossy paper, spacious layout, and accompanied by black and white photographs.

To Baudrillard, this probably confirms his view of America as crass and superficial, but it also reflects a long tradition of self-doubt and self-criticism that simmers under the glossy surface of American culture. These characteristics mark the difference between the Old and New Worlds more than any other. It is difficult to imagine that a book titled France by an eminent American philosopher would have a similar reception.

To give him due credit, Baudrillard has tried hard to come to terms with this America, casting it as the new centre of the world:

"We ... in Europe possess the art of thinking, of analysing things and reflecting on them. No one disputes our historical subtlety and conceptual imagination. Even the great minds across the Atlantic envy us in this regard. But the resounding truths, the realities of genuinely great moment today are to be found along the Pacific seaboard or in Manhattan. It has to be said that New York and Los Angeles are at the centre of the world, even if we find the idea somehow both exciting and disenchanting."

It is the American ability to combine overly visible patriotism with self-criticism that baffles the discipline of the 'civilised' citizen. Americans are both obsessed with a nostalgia for points of origin and pathologically insecure about their identity at the same time as being perpetually parodic and reflexive. Their cultural style combines over-statement with an eternal quest for meaning.

Baudrillard characterises French and American cultural mores in terms of different body techniques:

"You have only to see a French family settling in on a Californian beach to feel the abominable weight of our culture. The American group remains open; the French unit immediately creates a closed space. The American child roams far and wide; the French one hovers around its parents. The Americans see to it that they stay well stocked with ice and beer; the French see to it that social niceties are observed, and that they keep up a theatrical show of well-being."

While Americans lack 'aristocratic grace', they have a "freedom of bodily movement that this possession of space" allows which has built a culture which is "vulgar but 'easy'":

"We are a culture of intimacy, which produces manners and affectation; they have a democratic culture of space. We are free in spirit, but they are free in their actions."

But although recognising the difference of American culture, Baudrillard chooses to articulate that difference via the mechanisms of cinematic realism, the archetypal apparatus of illusion. He equates American culture with cinema in contrast with the theatrical basis of European culture: "Americans experience reality like a tracking shot." Baudrillard interprets America as a succession of realist screen images - a lexicon of iconographical referents at his side - in the same way that European culture is conventionally characterised in theatrical terms. (This also accounts for the very different forms of Hollywood and European cinema.)

Baudrillard chooses the desert as the site which explains America, a curious choice since it must be the most inexplicable place for civilised sensibilities. His description of the desert as "an ecstatic critique of culture, an ecstatic form of disappearance" rather confirms that suspicion. Elsewhere he muses:

"... for us the whole of America is a desert. Culture exists there in a wild state: it sacrifices all intellect, all aesthetics in a process of literal transcription into the real."

Vast, apparently empty, continents pose an extraordinary fascination and threat to European sensibilities. Citizens of the New World are equally obsessed with understanding their physical surroundings, hence the primacy of landscape in art. An English colleague declared with exasperation after a few months in Australia, "I'm sick of hearing about the uniqueness of the Australian landscape and the special quality of the light". She was right, for critiques of Australian art and culture are obsessed with the physical fact of Australia.

Like all New World countries, Australians relentlessly examine what it is that makes it different from the Old World, and this is most clearly demonstrated in the radically different landscape and its implications for ways of seeing and living. We are not Europe; we have not tamed nature; we are not truly civilised.

In short, the New World is composed of a series of Not statements that puts it outside the generic terms of European civilisation. Try as he may, America is outside meaning for Baudrillard. Even the linguistic baggage of post-modernism, that ultimate void of analysis, with terms such as modernity, hyper-modernity, what have come to mean of analysis, with terms such as modernity, hyper-modernity, tra, whatever, all post-modern, cannot pin down America.
The New World continues to be judged by the criteria of the Old World, fails to conform to its standards. A noted British academic on a visit to Australia was somewhat put out by his first taxi ride. The driver had 'entertained' him with various 'bush wisdoms' during the drive. The escalating rage of the passenger came to a head with the driver's colloquial farewell, "See you later". "Not if I can help it", snarled the alighting passenger - a Not statement designed to put the driver back in his place, a position from which opinions should not be uttered.

Europeans who have not become the New World - and we should remember that Americans, Australians, and others, are primarily transplanted Old World peoples - cannot accept the courageous break with origins. Migration to a New country is a Not statement of a radical kind; old citizenship is disavowed and a new citizenry created. Some people are 'liberated' by transplantation, others find it an audacious threat. (The great majority find it as humdrum as any other place.)

Baudrillard can only see the surface of that space, mobility and diversity like the twinkling surface of a pond, its mirrored refractions deflecting the gaze of the onlooker.

Mind you, Baudrillard is not alone in struggling to come to terms with the New World. John Mortimer's character Richard feels he can decide what's 'good' for Stephanie - the clothes she should wear, how long she should take for lunch, her apparent reluctance to take on additional responsibilities - but importantly - to explore its subversive potential.

Pringle provides convincing evidence, taken from an extensive series of interviews, of the ways in which secretaries extract power, pleasure and satisfaction from the sexual components of their relationships with bosses. Bosses have a variety of ways of exercising power over secretaries, and secretaries may accommodate or resist. Pringle identifies three distinct themes of power and resistance: the master-slave theme in which the boss is subject and the secretary object; the mother/nanny-son theme in which the secretary is the subject and the boss the master; and the 'team' theme which evokes equality and modernity. Any given boss-secretary relationship may reveal one, or two, or all three discourses simultaneously. Thus Pringle avoids privileging any one discourse: the relationships are, on the contrary, complex, dynamic, dependent on a variety of circumstances, and they exhibit different degrees and different kinds of domination and subordination. Secretaries Talk presents secretaries, therefore, not as victims but as agents.

Subversive Secretaries


When women first invaded the male domain of the office in the late nineteenth century, women concerned to raise the status of the business woman advised them to dress modestly, avoid all social intercourse with male colleagues and to restrict their morning greeting to a cordial but dignified bow to all in the room.

One friendly word from an employer could be the road to destruction. Those women who were over-familiar with their bosses risked being labelled a 'pretty typewriter', an attractive and usually working class young woman who used her sexuality and her position to snare a husband (or worse).

Feminists today continue to see sexual behaviour in the office as both inappropriate and potentially harmful to women. Rosemary Pringle suggests, however, that their attempts to keep sex out of the office have been misplaced. She argues that sexuality is not antithetical to the rational and bureaucratic world of modern corporations, as Weber suggested, but is, in fact, essential to its creation. Secretaries and bosses work within 'erotic bureaucracies' in which masculine rationality depends on the existence of a realm of an Other which includes the feminine, the personal, the emotional, the sexual and the irrational. Rather than see sex as an 'unwelcome invader' of the workplace, it might be better to acknowledge its centrality to the lives of both men and women, and - more importantly - to explore its subversive potential.

Pringle provides convincing evidence, taken from an extensive series of interviews, of the ways in which secretaries extract power, pleasure and satisfaction from the sexual components of their relationships with bosses. Bosses have a variety of ways of exercising power over secretaries, and secretaries may accommodate or resist. Pringle identifies three distinct themes of power and resistance: the master-slave theme in which the boss is subject and the secretary object, the mother/nanny-son theme in which the secretary is the subject and the boss may be positioned as the 'naughty boy', and the 'team' theme which evokes equality and modernity. Any given boss-secretary relationship may reveal one, or two, or all three discourses simultaneously. Thus Pringle avoids privileging any one discourse: the relationships are, on the contrary, complex, dynamic, dependent on a variety of circumstances, and they exhibit different degrees and different kinds of domination and subordination. Secretaries Talk presents secretaries, therefore, not as victims but as agents.

The interview provides the reader with absorbing glimpses into the intensely personal and intimate nature of office relationships. Some of the bosses are engagingly honest in revealing patriarchal attitudes of gothic proportions. My favourite was Tom, who happily recounted that he got his secretary to chop up the onion to go into his tin of salmon at lunchtime, go home and take the washing off the line for him or, if he was feeling particularly generous and wanted to give Carol a break: 'I might say, Carol, duck out to David Jones and buy me a chicken. I don't really want a chicken, I just take it home and put it in the freezer ...'. Carol, however, takes pleasure in performing services for Tom because she perceives it as 'special treatment'. She plays nanny or minder to his naughty boy.

Tom, happily, appears to be unusual. More typical was Richard whose strategies of control operated not out of coercion but out of 'caring' for his secretary (who worked up to eighty hours a week with no paid overtime) and treating her as part of a team. Richard feels he can decide what's 'good' for Stephanie - the clothes she should wear, how long she should take for lunch, her apparent reluctance to take on additional responsibilities - but Stephanie says she wears what she wants and has no interest in the job opportunities that Richard has offered her.

While Richard appears to have the power in their relationship, Stephanie gets the pleasure of being needed, of identifying with the enterprise, of being seen as womanly. She also learns vital
information about the firm through the managing director’s secretary that Richard would never have access to, and which enables her to deny as ‘trivial’ the power that Richard has.

Do the same pleasure principles apply to female bosses and female secretaries, or male bosses and male secretaries? Pringle found extremely few examples of the latter, most male managers saying that they couldn’t imagine having a man as a secretary. Women bosses with women secretaries are, however, becoming more common. Pringle argues that authority relations between women bosses and secretaries are organised around mother-daughter relations. Young women often transfer their affections from their own to someone else’s mother. Clare (secretary) thinks Susan (boss) is terrific, not because she is her own mother, but because she is ‘very different’ from her. There is a strong element of narcissism in other female/female office pairs. Gillian sees her secretary Naomi ‘not only as a useful appendage but as a mirror image, a junior version of herself’.

The relationship assumes very different meanings when the secretary is male. One male secretary interviewed was much more willing than his female counterparts to pass judgment on his employer and to talk about sexual fantasies and interactions, implying that these were under his control. Unlike female secretaries, he was conscious of his power, or potential power, as a man. In this case, ‘gender quite clearly overrides formal position in determining what can be said’. In examining male-female, female-female, and female-male relationships, Pringle presents a satisfyingly detailed and subtle portrait of the sexual politics of the office.

By paying attention to the operation of sexuality, power and pleasure, Pringle makes a radical departure from more conventional analyses of the labour process. Women’s ready acceptance of the secretarial work option is better explained by looking for the sources of control, autonomy and pleasure in boss-secretary relations than by any notion of ‘false consciousness’. Pringle draws on discussions of sadomasochism and pornography to explain the benefits to men and women of participating in a master-slave relationship. We cannot always assume that it is the sadist who holds power; neither is there anything absolute about the gender roles typical of S/M. Female secretaries may ‘control the whole situation by determining how much violence (symbolic or otherwise) is permissible and by making her (masochistic) pleasure the centre of attention’.

Pringle’s main focus on the nexus between pleasure and power raises important and hitherto unarticulated questions for feminist analyses of the workplace. How, for example, do we define pleasure? Pringle accepts the proposition that both men and women seek pleasure from erotic fantasies made necessary by the decline of religion and community and the consequent burden of rationality. She appears not to distinguish between men’s pleasure and women’s pleasure, or to question that male bosses and female secretaries might have different experiences and expectations of pleasure as a consequence of their sex. If, as Pringle argues, so-called universal concepts such as ‘class’ mean something very different for women, might there not also be sexually-specific meanings attached to pleasure? If subjectivity is gendered, then surely pleasure is too.

Pringle identifies and sympathises most easily with feminist secretaries, a minority of women who want to see secretarial work properly valued but are divided on how to achieve this. Pringle provides a clear set of strategies designed to exploit rather than deny the inherently sexual nature of office relationships. She rejects ‘degendering’ options that cut feminists off from resistances based on women’s difference, and argues instead that ‘resistance must be based on the demand that women’s gender and sexuality be fully and equally recognised’. Strategies of resistance should not only embrace and seek to transform sexuality, but will be most effective where women derive pleasure from their actions. For example, rather than trying to eliminate ‘grooming and deportment’ classes from the curriculum of secretarial schools, Pringle suggests that they be reformulated to introduce critical ideas about gender relations, heterosexuality, fashion and beauty.

If we acknowledge that “sexuality cannot be ‘banished’ from the office”, we may be in a position to challenge its meanings and hence its power. Pringle speculates on the possibilities of a postmodern feminism which suggests that parody, play and diversity have something to offer a broader politics of change. This is a vastly different politics from that articulated by the promoters of office work as an avenue of female employment in the years of first-wave feminism. In an exciting, provocative and intellectually creative study, Pringle immeasurably advances our understanding of ‘secretaries’ and finds a theoretical way out of the labour process trap.

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Arguing for Auntie


Glyn Davis' book has a clever cover design. That familiar ABC logo is coming apart. What's more, the unravelling logo is red hot on top graduating to dusky purple on the bottom. A sunset on the ABC? A sunrise for a new order of national broadcasting? The cover blurb promises both.

Breaking Up the ABC is a significant addition to the small number of detailed written discussions about the ABC. Mixing plenty of insiders' critiques of the national broadcaster with attempts to take the long view, Davis doggedly pursues his case that the ABC is fundamentally flawed in its current organisation. Davis is ardent about the need for Australia to have viable public broadcasting: "For a democracy the right to broadcast public interpretations of events is too important to be left solely the preserve of media magnates."

But he is particularly sceptical about ABC independence given the funding relationship with parliament. He mistrusts the assumption that the ABC can work in the 'public interest' rather than that of parliament.

So how would Davis like to see the ABC pieces rearranged for the good of public broadcasting? He offers several strategies, including:

... Cabinet could deconstruct the ABC, break it into constituent functional parts so that each could cater for a different public. Some, but not all, of these services may become commercial to offset costs. Others must retain state support. This new disaggregated ABC might be successful where a diffuse, multi-functional bureaucracy has proved expensive and of limited effectiveness ... If the new broadcasters which result from attempts to share the stage; to protest at the attacks on the ABC's liberty by Gareth Evans, then Minister for Transport and Communications.

David Hill, the ABC's managing director, showed his muscle and steered the campaign. The ABC would keep its current charter, would get its funding agreements, would keep the orchestras, the religious shows and sports business. And the ABC was not about to go tacky with corporate sponsorship (recently confirmed by the current minister). The ABC would be saved.

But for some commentators the outcome wasn't very surprising: the ABC successfully mobilised its very considerable base of support. The ratings for ABC programs simply don't reflect the reality of that base; nor the degree to which people will fight to make sure that the ABC's best programs are kept alive.

I suspect that Breaking Up the ABC might have offered slightly different prescriptions if the book had been written after the ABC victory over the recommendations and orientation of the National Review of Broadcasting.

It is hard to imagine that the ABC will be 'deconstructed' in the near future. And in an age of privatisation, the best of the ABC is probably safest in Auntie. But Davis has provided people interested in the future of public broadcasting with some territory for debate: especially debate about the need for greater public participation to make the ABC less of a thought-piece and entertainer for elites.
Carmichael and the environment
Laurie Carmichael (ALR 110) notes that: "It is now commonplace to say that the world is proceeding through a technological revolution. The big question for us is whether we share its benefits in Australia effectively guarding against the dangers it can bring." Undoubtedly, trade unions must focus on the need of working people vis-a-vis technological change and the dangers it can bring. Indeed, Carmichael went on to provide us with a valuable challenge to the Taylorist model of management and alienating work practices, the result of deskilling.

His analysis, however, failed by virtue of its blinkered horizon even to identify the greatest danger facing trade unionists in Australia and, indeed, the world, and one which is clearly the result of the Industrial Revolution - the destruction of the planet itself.

More damage has been done to the earth in the last hundred years of industrial production than in the previous 10,000 years. The trade unions have been, admittedly, an unequal and ignorable partner in the damage, but ignorance can no longer excuse the union movement from its responsibility as a primary participant in the development and technological progress philosophies of high-tech industrial methods of production.

Put bluntly, unionists deserve a broader and more environmentally informed analysis of the effect of the current technological revolution than the stated vision of Laurie Carmichael: "A further concomitant of the technology is its ability to deliver greater consistency, uniqueness of design, durability and warranty. In short, quality and service have been placed by history alongside of price as a principal market determinant."

It would be irresponsible and wrong to adopt and anti-technology view but it is equally irresponsible for unions to adopt the 'business as usual' approach promoted by the multinational and governments. The current ACTU direction illuminated by the process of 'structural efficiency' can be applauded on a narrow economic level, but to try to articulate such a program without reference to fundamental environmental imperatives is simply a recipe for more efficient destruction of the planet.

The biological diversity of our planet is disappearing at a literally stunning rate. More than 60,000 of the 265,000 known plant species are in danger of extinction. By the end of this century a full one-fifth of the known and estimated plant and animal species of the earth may be gone.

Greenhouse heating of the atmosphere can no longer be dismissed as the exaggerated claims of demonstrating greenies. It is an internationally recognised crisis affecting the ecological stability and survival of the earth. Yet, at the same time, the fragile stability of our national and world economy depends on the expansion of production and burning of fossil fuels which produce greenhouse gases primarily through electricity generation, transportation and manufacturing.

How reasonable are left union strategies for the future which do not even consider the environmental crisis? So far, timber workers, with ACTU support, have joined state governments and multinational corporations in approving increased consumption of our forests. These trees give us oxygen and absorb carbon. More trees and forests help to lower the greenhouse heating. In 200 years of white settlement of Australia, we have removed 50 percent of the forest area; 75 percent of the rainforests have been cleared; and 69 percent of range land has been badly degraded: not to mention that 40 of the known 329 mammal species in Australia are threatened with extinction.

The union movement so far has either taken a stand against conservation or has remained silent. Where will the left unions stand on issues such as drastically reducing the production and use of fossil fuels, coal and oil? On slowing down - maybe eliminating - high energy industries (aluminium, for example)? Where will they stand on the manufacture of polluting chemicals and motor vehicles which are one of the major emitters of greenhouse gases?

Hundreds of thousands of unionists are employed in industries which are directly involved in threatening the planet's survival. Union strategies also encourage more efficient production in return for better pay, allowing unionists to consume more of the material goods which themselves contribute to the environmental crisis.

Looking ahead, even in the short term, there will have to be massive changes to many industries vital to corporate capital. Ideologues of the trade union left, then, should now be demanding an environmental 'Accord' involving unions, governments, employers, environmentalists, scientists and other community groups. Such an Accord could act as part of the necessary global co-operation to save the earth by placing moral and environmental judgments on the process of technological innovation.

Brian Moynihan
AJA, NSW Branch,
Sydney.

... and timber workers
My compliments and congratulations on an interesting and thought-provoking magazine - especially Diana Simmond's article "It's easy being Green" (ALR 111).

I'm glad that some people recognise that timber workers are not the villains of the piece...

Paul Cooke
Forbes,
NSW

ERRATA: In ALR 111, "Liberte, Egalite, Publicite" was written by Colin Mercer.
Lovers of fair-dinkum pubs would be hard pressed to locate such an animal in Melbourne at the moment. The rapid onslaught of inner-city gentrification has hit hotels hardest, turning formerly warm and friendly hostelrys into sterile and pastelled retreats for the monied. Thankfully, there are some pubs scattered across the city and suburbs that still put character and integrity above awful decor, patronising service and prices high enough to drive you to drink.

Starting in the shellshocked Central Activities District, it would be hard to walk past the landmark Young and Jacksons, opposite Flinders Street station. There's the famous Chloe, a glass-bottom view of city bustle and plenty of old diggers propping up the bar with tales of an earlier Melbourne.

Walk down Flinders Street to the Duke of Wellington, tops for frosty pots but occasionally haunted by mildly psychotic country and western fans. Another block down, the Phoenix Tavern is useful for observing the slavering jackals of the press falling down steps and serenading pot plants and fire extinguishers.

Up on Spring Street, the Imperial (opposite Parliament House) has an excellent array of caricatures decorating the walls and a cosy public bar. Opportunities for poking fun at the plethora of MPs skulking and scurrying nearby are endless.

Elsewhere in town, there's the early-opening Waterside on King Street, replete with colourful dockside identities and young bucks having a technicolour yawn on the freshly-scrubbed footpath; the filthy-but-fun Sherlock Holmes in Collins Street; and the Canada, high up Swanston St and popular with battle-hardened union officials.

Carlton, once a bohemian mecca, has been overrun by cocktail-consuming airheads. But liquid salvation is at hand in the laid-back, erratic Lemon Tree in Grattan Street; the genuine and homely Clare Castle up Rathdowne Street (brilliant food); the inimitably Irish Dan O'Connell (beware of Guinness-soaked pseudo-literate reprobates); and the friendly Fenwick.

Music with your liver damage is Fitzroy's specialty - top jazz at the Tank (Tankerville Arms, Nicholson Street), young and slightly disturbed rock with a corresponding clientele at the Punters' Club in Brunswick Street and boppy R'n'B at the Royal Derby. The charming Marquis of Lorne (George Street) and the Lord Newry are also worth a visit.

Richmond and Collingwood are overflowing with top pubs, mostly tucked away in sidestreets but worth the extra shoe leather. Among the gems are the Retreat in Abbotsford, Swan Street's Richmond Club and Swan hotels and the Royal in Burnley Street (good, cheap counter meals).

Down south, grunge awaits at the Prince of Wales in Fitzroy Street. Avoid the human detritus on Friday and Saturday nights; instead, pop around to the Esplanade for stunning bay views and enthusiastic security staff. The St Kilda Inn at the end of Grey St is a rough diamond - but don't bad-mouth NZ.

South Melbourne has the jazzy Limerick Arms in Clarendon Street and breathtaking bay views from the window of the Victoria in Beaconsfield Parade. Pop around to Port Melbourne's Prince Alfred for a proletarian pot or two, too.

Naturally, this is but a sketchy outline of Melbourne's impressive resume of fine drinking holes. Careful crawling may give you Russ Hinze's spare tyre and Don Lane's nose, but you'll have damn good fun at the same time.

Happy elbow bending!

Simon Troeth
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PLUTO PRESS SEPTEMBER 1989
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