Six months ago, Paul Keating was savouring his beautiful vision. With the balance of payments seemingly under control, he had a bold plan to have the troublesome economy come right just in time for a 1990 summer election.

At the heart of the plan was an ambitious wage/tax trade-off with the ACTU, to be financed by a prospective $5.5 billion Budget surplus for fiscal year 1988-89. If the unions agreed to forgo a 1989 wage round in return for tax cuts, Keating could break the back of inflation, preserve corporate profits, maintain job growth and bring down interest rates for the election.

The Accord has performed such tricks before. In 1983 it enabled Keating to avoid "catch-up" from the Fraser government’s wage freeze. In 1984, the introduction of Medicare artificially lowered the Consumer Price Index to which wage rises were indexed. In 1985, the unions agreed to discount wage indexation by the inflationary impact of the $A depreciation. And, in 1986 and 1987, the Accord delivered real wage cuts in response to a balance of payments crisis.

The surprising durability and flexibility of Labor’s income policy has made it the foundation of Labor’s economic strategy. Although real wages have fallen, the economy has generated rapid job growth. On this base, Keating has formed a working policy consensus
between the Federal Treasury on the one hand and ACTU secretary Bill Kelty and left union leaders such as Laurie Carmichael and Tom McDonald on the other. So long as the economy holds together, the weakness of the Opposition political parties means that big business will retain grudging support for Labor.

As with previous Accord deals, Keating’s promised wage/tax trade-off contained a sleight-of-hand. Probably more than half of the total tax cuts would represent fiscal drag - higher tax revenues produced as inflation pushed wage earners into higher tax brackets. In effect, Keating wanted the union agreement for wage restraint in return for tax cuts which were due in any case.

So long as the economy behaved, Kelty would play along with this because the deal included a modest social wage pay-off for unions. The problem was that the business cycle refused to co-operate with Keating’s election cycle. The August Budget forecast that the economy would grow by a brisk 3.5 percent, that the current account deficit would fall from around $11.5 billion to $9.5 billion and that inflation would drop from around seven percent to 4.5 percent by mid-1970. Instead, the economy began to boom as the non-residential construction, housing, tourism, wool, building products and metal manufacturing sectors all peaked at once.

The surge in domestic demand - particularly the long-awaited business investment recovery - sucked in imports and quickly blew the Budget’s current account deficit forecast out of the water. The explosion in Sydney housing prices fed into the CPI which, instead of falling, accelerated to 7.7 percent. With fat corporate profits, worsening labour shortages and falling unemployment, the pent-up industrial relations pressures from four years of real wage cuts began to surface, particularly in the trade union heartlands of metal trades workers, electrical trades workers and building workers.

Kelty told Keating that the ACTU couldn’t deliver no general wage rise in 1989, even with tax cuts. At the same time, Keating’s scope to deliver large tax cuts was diminishing because of the import pressure that would come from any boost to household spending power.

With the size of Australia’s foreign debt, this would risk invoking the financial markets’ power of veto on the economy. But Keating has tied his hands against further Budget reduction cuts to finance big tax cuts. Come election time, Keating wants to claim that a Liberal/National government would savage basic government services in order to fund their promised tax cuts.

As Keating’s plan has unravelled, policy has been pushed into damage control. As the bureaucrats’ confidence in the Accord has been tested, they have successfully pushed for a substantial tightening of monetary policy in order to weaken the unions’ firepower and to slow the demand for imports. But, with an election looming, the Reserve Bank has stopped short of lifting interest rates high enough to produce a recession in the second half of 1989.

Keating figures that the unions are not stupid enough to spark off a wage explosion that would ensure a recession. But he knows there is a cost for holding the Accord. First, Kelty will ensure that the industrial relations hot spots - particularly the metal workers, the building workers, Telecom technicians and aviation engineers - will be first in the wages queue. Second, Keating will deliver tax cuts on July 1 in order to ease flow-on pressure to the rest of the workforce. Unless the government switches strategies, Keating will agree to something approaching the ACTU claim for a $20 per week tax cut and award restructuring rises of $30 per week. But this is likely only to forestall a bun-fight over the ACTU’s demand that all workers receive something on top of tax cuts in the second half of 1989. Keating will try to drag out the award restructuring round through to the end of 1990, if only to reduce the incidence of "bogus" deals.

As well, the tax cuts will be targeted at wage earners rather than salaried employees or welfare recipients. This will serve the government’s battle with the Liberals for the working "family" and working women’s vote as well as with the ACTU’s desire to deliver gains for the industrially weak and low paid. Keating will postpone plans to cut the top personal income tax rate from 49 cents in the dollar to match the 39 percent corporate tax rate.

Assuming the damage control strategy "works", Labor will still face an uphill battle to win the next election. Whatever the result, the balance of payments is likely to remain precarious, probably forcing a showdown by mid-1990 between a continued negotiated clamp on wage claims or a monetary policy induced recession.

MICHAEL STUCHBURY is economics editor of the Financial Review

Media on Media

The recent international conference in Sydney (February 8-10) on global media ownership made Rupert Murdoch’s News Corporation its case study. Murdoch was in the country at the same time and, through his Sydney executives, he was kept informed of the project.

He is believed to have ordered that News Corporation not co-operate with the organisers but that an executive attend as a paying member of the public to keep an eye on proceedings.

But would the Murdoch papers report the event? This was a pressing question for the organisers because a blackout in the bulk of the press would reduce the effectiveness of one of the chief aims: to improve public understanding and debate about the media ownership problem.

Checks with News Corporation sources neither confirmed nor disproved the rumour. So why not test it?

Since Murdoch bought the Herald and Weekly Times in the frenzied summer of media deals in 1986-7, he has invested substantially in an attempt to revive the Melbourne afternoon daily, The Herald, the paper his father, Sir Keith, made powerful.

Under it’s former editor Eric Beecher, the Herald has gone "up market" and is, in many ways, greatly improved. The opinion pages have presented a wider variety of commentators.
So it was to the Herald that I offered the article printed below. The proposal was initially well-received by the editor of the feature pages. I sent in the article and, after waiting two days, I rang to ask whether it would be published, and to point out that, to be timely, it would need to appear before the conference, by then only three publishing days away.

The features editor said he had thought about it but felt he had read similar material before. He decided not to publish.

Where in Australia or in foreign publications had he read such an analysis, I asked, for, despite being a keen observer of media, I had missed it and would like to read it myself. He replied that he couldn’t say exactly; it was a feeling he had.

I asked whether he had commissioned any other article about the conference which, after all, was the first of its kind and would deal with an institution - News Corporation - of undoubted significance to Australian public life. Surely this was a newsworthy topic for a serious broadsheet trying to improve its quality.

No, he hadn’t planned any other coverage.

I asked for a ruling from Beecher and was informed, when I rang back a few days later, that he agreed with his staffer.

This illuminates a serious problem which, although not new, has been exacerbated by the increased concentration of media control of the past two years. How are journalists employed in the mainstream media to tackle their employer's interests? It is not easy to publish critical analyses of the hand that feeds you, especially when there are so few alternative hands.

Other factors intrude. The Herald’s decision not to publish could be supported on grounds that it was a legitimate exercise of "editorial judgment". Perhaps, somewhere, the Herald’s readers could have found a similar argument to mine. Maybe Murdoch isn’t newsworthy. Perhaps my train of thought was unclear or the expression so poor that the piece did not reach publication standard.

Criteria such as these can lead to rejections which have nothing to do with unease about the effect of publishing on one’s employer.

But, in relation to media issues, the public will not accept forever claims that "editorial judgment" explains failures by executive journalists to publish unsolicited contributions from outsiders or to deploy staff reporters to delve.

Here is the rejected article:

Next week in Sydney an international conference will examine the influence of Rupert Murdoch's News Corporation, now the most diverse of the world's giant media conglomerates.

Responses to Murdoch's still-growing creation will depend partly on a recognition that it is different. Regulatory structures designed to balance the public interest with any big media operator's interests may have to be rethought in Australia and overseas.

In some ways, Murdoch has been true to the media baron type.

He is successor to Lord Beaverbrook and Lord Thomson in the sense that he began as the modern colonial (they were Canadians) who made himself big and powerful in the press in Britain. Like Northcliffe and Beaverbrook he is an active, hands-on ruler of the empire. In this, and the yellowish parts of his journalism, he follows (US media owner) Randolph Hearst, too. Like Thomson, Rupert has spread from newspapers into TV. As with most of his predecessors, including in Australia Sir Frank Packer and Sir Warwick Fairfax, he gets involved in politics.

But more striking are the differences between what Murdoch has created and what has gone before. Consider:

1. The sheer geographic spread of News Corp far exceeds the reach of media empires of the past. Even if one accepts that the market is more international now and the globe a village (for communications purposes), his reach is vast.

He has 61.6 percent of Australian daily newspaper circulation (including The Herald) and 36 percent of Britain's; newspapers in Hong Kong, PNG, Fiji and New Zealand; the European satellite TV service Skychannel; and, in the US, major magazines, newspapers, the film studio 20th Century Fox, and the Fox TV network.
2. The "foreign policy" implications of administering such a range of information outlets. It is too often taken for granted that, unlike other famous multinationals, McDonalds, Sony or Coca Cola, the product Rupert sells is food for our thoughts.

3. The skill and complexity of messaging so many different governments to ensure a favourable regulatory climate wherever possible.

4. The differences and the strategically useful similarities of controlling so many different types of media: newspapers, TV, books, news and financial data wire services, movies and computer data services.

5. The range of other businesses with the potential for conflicts of interest for the journalistic operations he also controls, for example, his half share in Ansett Airlines.

Other media organisations, past and present, may have shared some of these characteristics, but not all of them, and not to the same extent. And not in the so-called Information Age, when information is among the greatest sources of wealth and power. Its strongest curreny, the English language, is the one News.Corp deals in.

The uniqueness of the Murdoch empire in turn reveals the inadequacy of the traditional methods of attempting to balance the public interest against private media interests of this scale and shape.

It has been suggested that it is not necessarily a bad thing for democratic, capitalist societies if sections of business become very big. The argument goes that they then confront big adversaries on more equal terms and the conflict between the two cancels out the excessive power of both, thus protecting the public. For example: Big Business v Organised Labor, or Monopolies v Antimonopoly law enforcers.

But another school of thought suggests that this idea, if it ever worked, has been subverted by a tendency by would-be adversaries to find it easier to work together.

A recent example has been the revelation of collusion among large defence contractors and the Pentagon officials who were supposed to counteract their power. In Australia, changes to the broadcasting law and general inaction by government and regulators aided the concentration of media ownership over the past two years.

In the case if Big Media, this tendency for collusion, not counterbalance, has particularly disturbing possibilities. First, the product - news, ideas, opinion - is so precious that it may be argued that bigness should never be allowed in the first place. If it is, the public needs the adversaries to do their job well.

In the absence of several reasonably well-matched competitors, the main counterbalance is government. But in a democracy, elected rulers know a Murdoch can reward or punish with his media.

The crux is not whether he does, but that he could if he chose.

What counterbalances an information empire such as News Corporation? Is opposition, a prerequisite to brake the excesses of any powerful entity, forever to be restricted by national boundaries and parochial concerns? Are "multinational" responses to a unique multinational phenomenon possible?

A first step to tackling these questions is for many minds to apply themseves to the issue from a basis of accurate information. This is the chief purpose of the conference convened by the Brussels-based International Federation of Journalists.

Instead of debate being restricted to the rather cliched perspectives on Rupert Murdoch which have developed within each country, the IFJ wants to define better the bigger picture. The gathering has not been organised for "Murdoch bashing", nor as a venue for complaints about "tabloid journalism". He owns and represents much more than that.

It is an attempt to analyse an important institution with the same expansive, international outlook that has been applied to such remarkable effect by Murdoch himself.

Like the Herald, other Murdoch papers did not preview the conference, but several did report some of the proceedings. With some exceptions, such as the Melbourne Sun (11 February), the coverage was generally fair and accurate. Fairfax papers previewed and reported the conference. Without a set piece "event" such as this it is doubtful that the media ownership issue would have been aired spontaneously, particularly by Murdoch's papers. If it is accepted that only publicity, and then public disquiet, will push cowed politicians into some sort of remedial action, the lesson for activists on the issue seems to be: more events.

PAUL CHADWICK is a Melbourne Journalist whose book on media ownership will be published shortly by Macmillan. He was a member of the AJA organising committee for the above-mentioned conference. The AJA plans to publish the collected papers.

Taxing Women

Low pay, part-time work, domestic responsibilities and children keep women poor, according to background material for the Women's Tax Convention. This is most obvious where women's earning abilities are limited because of family responsibilities or when households depend on women's wages, despite fifteen years plus of official equal pay.

Two hundred women met in Canberra on Saturday, 4 March, at the invitation of the National Women's Consultative Council and Women's Electoral Lobby to discuss the costs of children and women's workforce participation. They came from over forty women's organisations ranging from the right to the left in terms of their male political alliances.

The objectives were twofold: firstly, to pressure the government into recognising that women should be part of economic debates and the second was to give the women at the convention the confidence to enter these debates. We probably succeeded better with the second than the first.

The surprising outcome was that there was a high level of consensus on various issues that were raised. There was almost universal support for the fact that children were a communal responsibility and should be supported, at least partially, from the public purse. This was support for universal payments at a
more generous level than the limited support presently available.

The particular situation of women and their responsibility for children suggests that tax cuts targeted to families with children, and low income earners, would be both fair and economically rational. These options were generally supported at the convention.

However, there were some diverse views among the participants. Those supporting traditional roles for men and women want to seek tax changes which will reinforce these. They were, however, the minority and there was substantial majority support for the abolition of the Dependent Spouse Rebate.

The task of the convention was to raise these issues. In the present debate on wage-tax trade-offs the views of women have not yet been heard. The outcomes of the convention were presented to the Prime Minister on March 8, International Women’s Day, but as yet there is no sign that the government is paying any attention.

The supplement makes it very hard for second income earners to enter the workforce because of the withdrawal rate it imposes on extra income. This provides a major workforce disincentive for women. However, its major hidden function is of a public and selective subsidy for those employing low wage workers. Payments of up to $24 (under 13) or $31 (13-15) per child and a rental subsidy, tax free, are more attractive to employers and employees than a wage hike of $30 taxed.

By offering additional payments to low income employed males with dependents, this negates the idea that there should be comparative wage justice, and removes these workers from the industrial arena. It then allows low income workers without children, or from two-earner families, to continue to be underpaid.

Furthermore, the poor families receive additional help in a form which severely penalises extra earnings with effective marginal tax rates well over the maximum rate of income tax.

In a family with two children on Family Allowance Supplement in private rental accommodation with the husband on $350 per week, the wife moving into the workforce at $100 per week would net $31 without counting in fares, clothes or child care costs.

The welfarising of children’s costs was not appreciated by participants who had seen payments for children generally eroded. They also recognised that women bore the brunt of the costs of children through income forgone, or through paying out for child care. The participants objected to measures which discouraged women’s workforce participation such as income testing of benefits and other payments, and the spouse rebate.

It was recognised that such payments create poverty traps and tend to redistribute to the rich by allowing for cutbacks in the size of the public sector through “targetting” payments. The convention rejected the idea that tax cuts should be offered at the expense of government services.

Many of the participant groups prepared background and discussion papers which showed that women still have a backlog of problems to face. Although over 50 percent of women are working they still do not earn the same as men. Fifteen years after equal pay, full year/full-time women workers aged between 34-44 earn only 74 percent of male incomes. Moreover, half of all women taxpayers have incomes below $15,000 and three-quarters of women taxpayers have incomes below $20,000. Over one-quarter of married couple income units have women as their main income earner and these couples are poorer than those with a male “breadwinner”.

Families with children are also losing ground. While 243,000 fewer families receive Family Allowances in 1988 than in 1985, the worth of the Child Endowment/Family Allowance has steadily declined. For a family of two it was worth nearly eight percent of Average Weekly Earnings in 1949-50, 4.4 percent in 1976, and only 2.5 percent in 1987/8.

Eva Cox
Two years to the day after the Charter statement, Towards a New Party of the Left, was distributed to the 1987 Palm Sunday marchers around the country, it was happening again. This time the leaflet had a new name and, despite many familiar faces among the distributors, a new list of sponsors. To be quite accurate, the 1987 Charter had no formal sponsors, while the new Time to Act statement was endorsed by 132 leading left activists from around the country.

For that fact alone, the new leaflet must be marked up as a distinctly new stage in the undeniable difficult path towards a new effective left party in Australia. That process began more than three years ago when the proposal to build a party which could serve a much larger left constituency than any existing at the time was first discussed among groups of activists.

Despite the time which has elapsed, and despite Palm Sunday marchers being asked to consider the option of a new party for the second time in two years, a lot has changed. If anything, the response to this latest call seems to have struck a stronger chord than before. This may well be partly the result of the sheer perseverance of the statement makers which, if nothing else, shows a reassuring level of determination. It may also be a product of the greater awareness on the left of a range of proposals for alternative left organisations which have been circulating in the last two years. And, finally, both the level of disenchantment with Labor, coupled with some experience of the appalling new face of Liberalism has produced a pretty desperate desire for a viable alternative.

The new statement is new in three important ways. First, it demonstrates that there is support for a new party from a significant number of people whose influence could be decisive in securing any effective presence for a new party.

Second, it lays down a basis for the politics of the new party which will serve as the foundation of any future program and policies. And third, it states an intention to launch the new party in 1989.

Particularly in the labour movement the list of sponsors is impressive. It includes two members of the ACTU executive, a number of secretaries or presidents of state and regional labour councils, federal and state secretaries of a number of important unions, as well as a strong list of union organisers. The range of the more than ten unions represented is reassuring too - from metal workers and building workers to journalists and welfare workers. In previous attempts the difficulty of organising support within unions has been a serious barrier.

Although the labour movement dominates the sponsors’ list, there is a leavening of other support. The community welfare sector has a significant place with sponsors ranging from local youth workers, to members of national advocacy groups, from welfare workers’ union officials to welfare teachers and academics. In fact, academics from a number of disciplines, including prominent political economists such as Ted Wheelwright and Frank Stilwell, have endorsed the statement. Environmentalists, particularly urban environmentalists, such as Jack Mundey, and gay and women’s movement activists are represented. The list also includes two prominent left filmmakers among a number of cultural workers. Perhaps most important, a number of people with strong records as independent members of local government have supported the statement. They range from Don Syme in western Sydney’s Liverpool Council, to Wollongong City Councillor Dave Martin, to last year’s mayor of the Victorian City of Broadmeadows, Lynda Blundell.

Just under half the sponsors are women, active both within the women’s movement and across a range of areas of work. More than half the sponsors are not members of political parties, some are lapsed ALP members, while the rest of sponsors are members of the Communist Party or the Association of Communist Unity.

Impressive as it undoubtedly is, a list of sponsors alone will not make a new party. But organisers hope that with such a solid demonstration of support in key areas, any potential members’ doubts about the viability of the new party might be allayed. According to organisers, the response has already been very strong and the job they now face is to build these expressions of interest into an organisation of members an embryonic party - to take over from the sponsoring group and allow those involved to work in campaigns, even before the party is launched or founded.

A national meeting of sponsors just held in Melbourne identified areas in which commissions could be established to develop policies and platforms to flesh out these basic points. But the most directly important thing about the statement is that it makes an explicit call for the party to be launched this year. Because of a commitment to get the party up and running, the national sponsors’ meeting agreed to a two-stage process. A launching conference of the party will be held in late July. This will then allow time for the necessary policy, program and organisational work to be carried out leading up to a founding congress early in 1990.

Given this time frame, it’s not going to be long before the left can judge whether the auspicious beginning to this latest stage means that the quest for a new party has at last been successful.

Adam Farrar