Michael Stutchbury argues that the federal government's recent forays into the state of our media raise more questions than they solve.

After only months of his fourth term as Treasurer, Paul Keating has made three major decisions affecting the face of Australia's oligopoly capitalism. All three have made Keating look like a regulator and a nationalist - the opposite of his track record over the previous six years.

The first was to enforce a 20% foreign ownership level for Australia's highly regulated television network, and specifically for Alan Bond's Nine Network. The second was to reject a $3.4 billion takeover proposal by the ANZ Banking Group of the National Mutual Life Association. And the third was to give the early thumbs-down to a bid by British newspaper magnate Robert Maxwell to spend $250 million buying 49% of the West Australian newspaper owned by Alan Bond's Bell Resources.

The Channel Nine and West Australian decisions are both acute examples of the big foreign debt for foreign equity swap going on in the Australian economy. As corporate 'entrepreneurs' such as Bond are forced to sell off the empires they built up with borrowed foreign money in the 'eighties, they are confronted with a buyers' market. Unlike pre-October 1987, there are no mug punters left to speculate on a bull market.

Bond and the others now find themselves in financial quicksand. Their only hope of survival is to flag off their empires to foreigners - there simply isn't much local money around, even at fire sale prices.

This means that the end result of the rise and fall of the entrepreneurs will be increased foreign ownership of the Australian economy. This is not all bad. Australia will always need high levels of foreign capital inflow to finance its economic development - the only alternative at present is a sharply lower dollar and reduced standards of living. And too much of this inflow over the 'eighties has been in the form of debt rather than equity. But are television stations and newspapers so economically or culturally 'strategic' that they should be quarantined from Keating's more general 'open door' foreign investment policy?

Television undoubtedly has strategic qualities in terms of 'national identity' - which appears to have driven opposition to foreign equity from the federal Labor Caucus and from Communications Minister Kim Beazley (who has quickly made it clear that he is no textbook economic dry). However, the cultural implications of increased foreign ownership of our private television oligopoly are overstated. It is not as if the three existing Australian-owned networks are national treasures of high quality broadcasting. They are clones of each other and regurgitate a junk diet of sport, low quality current affairs and cultural pap.

As well, there are more direct and potentially more potent ways to influence the broadcasting output than arbitrary limits on foreign ownership. The first is the two government-owned television networks. The second is direct regulation by the Australian Broadcasting Tribunal, such as through local content rules. A final important factor is that, by restricting foreign equity in both television and newspapers, Canberra is lowering the price that Bond can get for his media assets - and thus increasing his losses. While few will weep over this, the upshot will be a bonus for Kerry Packer and Rupert Murdoch.

Packer wins, of course, because Canberra's scratching of foreign bidders means that he ends up spending virtually nothing to regain control of the Nine Network that he sold to Bond for $1 billion in 1987. Murdoch wins because Canberra has obligingly stopped one of his strongest competitors, Maxwell, from gaining a foothold in Australia - what Murdoch used to call home before he became an American citizen.

Keating has little time for Maxwell. He had already rejected proposals two years ago for Maxwell to buy the Melbourne Age from the junk bond-ridden Fairfax group. But it becomes a very tricky business when Canberra starts to pick and choose who is allowed or forbidden to run a newspaper in Australia. What are the criteria which would differentiate between Maxwell, Murdoch, Packer or Warwick Fairfax junior?

Keating's other decision - to block the ANZ-National Mutual deal - contains similar conundrums. In many ways, the takeover is the logical result of the ground rules already set by Keating. The ANZ and the National Mutual are financial intermediaries involved in the business of tapping the savings of households. Keating's ground rules have given a tax advantage to saving in the form of superannuation rather than through bank deposits. Superannuation funds are projected to grow six-fold to $600 billion by the year 2000.

Keating's stated reason for rejecting the takeover as 'contrary to the national interest' is that a merger between Australia's third biggest private bank and its second largest insurance company would unduly lessen competition. Keating will let the banks in on the superannuation bonanza - but only if they build up custom themselves.

Here it is clear that Keating has learned a lesson about oligopoly capitalism. This one-time protege of Jack Lang has always mistrusted Australia's private banking cartel for its anti-Labor bias. This is one reason why he deregulated the finance sector and allowed in the foreign banks.

But to everyone's surprise, the local banking cartel has remained just as powerful and profitable since deregulation. Most of the foreign banks have been a flop. Some of them are now starting to pack their bags. And so Keating is not going to give the local banks a free entry into the superannuation bonanza.

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