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## **How Not to Do It: Reflections on the 2010 UK Elections**\*

*David Burchell*

I should confess from the outset that here I am involved in something of a reverie. A fraction more than a quarter of a century ago when I was a nervous young doctoral student I voyaged to Britain for the first time to carry out my program of research in the dusty paper archives of that era. It was a different Britain to the one you'll experience as a tourist today. The first six months I was there I lodged as a visitor in graduate accommodation at one of the old Cambridge colleges, an experience which at that time was still akin to being returned by time machine to the middle decades of the nineteenth century, possibly as a theology student. The male students still wore candy striped shirts and pastel pullovers in the *Brideshead Revisited* style and their skin had a pale apricot hue like that of a healthy, well-fed infant. The female students, I well remember, dressed with arch conservativeness, were as cool as ice, and averted their eyes as they spoke. A good many of the students still possessed what the Welsh Cultural Studies professor Raymond Williams once referred to a little cruelly as the English upper-class speech impediment—a cultivated affliction which gives its sufferers the appearance of children with a bad lisp. People still drank something called Pimm's No. 1 Cup on the college lawns and they played social cricket matches with the consumptive languor of romantic poets.

I do recall as a young Australian at that point having a reddish-hued beard. My slow medium paced bowling filled them with terror. Pretty soon I found myself gravitating, as I imagine other Australians might have done too, towards the plentiful American exchange students at that college, which had been the Alma Mater of John Harvard many centuries before. They seemed more familiar in their general egalitarian temper as well as in their consciousness of being treated as colonials even after the short space of 200 years. The second six months of my visit there, and I am talking the year 1984 and into 1985, after a youthful romantic catastrophe from which I'll spare you the details, I lived a quite different life in a rented flat in the tower block council-estate badlands of south-east London. In those far off days there were only two or three culinary options in those parts of London: you could order oily plaice and chips with mushy peas and a scalding cup of teabag tea at the local chippy; you could buy jellied eel in a paper packet from a corner kiosk that seemed not to have been scrubbed since the Georgian era; or you could order takeaway chicken vindaloo from one of the brand new microscopic Indian diners spreading like a benign species of

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reverse colonialism across the land. In that part of London black folks still drank in the back bar, universally, and white folks in the front bar while white men over 50 still wore flat caps, had bad teeth with nicotine stains and bantered cheerfully in a local dialect that elided the final consonants of every word. On Saturday afternoons the football fans still indulged in the traditional English urban recreation of rioting.

There was another curious symmetry about my hectic year of research, life discovery and romantic disaster. Shortly before I boarded the plane from Sydney the leader of Britain's National Union of Mineworkers, Arthur Scargill, summarily, and without bothering to bail out his members, declared an indefinite strike on the nation's coalfields. At the end of winter, when the peak consumer demand for coal was already past and with the nation's coal stocks boosted to record levels by the wily manager of the nation's Coal Board in anticipation of just such an event. The strike was called off with the rump of the union industrially broken, financially bankrupt but emotionally unbowed, within days of my return. As a result to me personally the entire year, the miners' strike year, still has a strange unworldly character as if I had voyaged for another year to a fabulous distant world where different rules of logic and gravity applied, rather like a medieval fantasy travel writer like Sir John Mandeville.

Labour historians of a romantic bent in the best quixotic traditions of their trade have written up that catastrophic year in the history of the British Labour movement as if it were a paradoxical moral victory of some kind. Much like Dunkirk or Rorke's Drift or the Relief of Mafeking were written as victories in patriotic history books a generation or two before. Yet I think it is not inappropriate, and I hope I am not too blindly patriotic in saying this, to suggest that the great British miners' strike of that year, an event which lasted for a full year, bankrupted and broke the union, ruined the finances of thousands of families, destroyed interpersonal relations in dozens of communities, killed several people and in the end achieved more or less nothing, is exactly the kind of event that distinguishes British political culture in its elemental aspects from our own.

Political scientists sometimes like to distinguish between expressive and instrumental styles and politics where the purpose of a political expression is to let out and demonstrate your feelings, even to strike a pose perhaps, while the purpose of a political instrument is to achieve a concrete goal, regardless of how mundane or unglamorous you appear in the process. If you constructed a graph line where the two poles of expression on one hand and instrumentality on the other, for all the other links between our nations, Britain's and Australia's political cultures, I think, would surely sit almost as far apart as is practically or geometrically possible—we being crude instrumentalists and they being romantic expressionists. To put the matter

crudely, we would never have done things like that. It takes a special kind of national genius to get things that wrong.

Indeed if there is a single dominating image of that year still burning in my mind after a quarter of a century it is of a Britain, for all its seeming modernity and contemporariness, still a conflicted nineteenth-century romantic nation at heart. Still tying itself in clever verbal knots, still deferring the inevitable, still tilting at windmills, still struggling in perplexity with the problem of democracy and its implications for the national culture, and still, in James Joyce's exquisite old phrase, gazing at itself, as he said, through the 'cracked lookingglass of a servant'. The other striking thing about that peculiar moment in British history is, for the better or worse, and here the reverie is over and I'll get more to the point, that it launched almost all the trains of events that I've seen in Britain over the course of the last few months and years into the station, as it were, more or less at the same time, all pulling into the station around about April this year when Britain had its general election. After all if you go back to that period I'm reminiscing about, the early to mid 1980s, it was the 1983 election which properly inaugurated the period grandiosely titled 'Thatcherism' by its critics which first and most decisively remade modern British politics into what appeared for a good period of time to be a three-party system, even though the great bulk of the British political establishment managed to ignore this obvious fact rather stoically, I think, for another generation.

It was the same election that launched one of the western world's more remarkable political experiments, during which the supervisors of one of the world's most extensive and comprehensive welfare states set out on the business of dismantling the structures they had been ostensibly elected to superintend. To many observers back at that time, it seemed as if the British Labour Party in particular was finished as a major political force. After four years of civil war in which obscure Trotskyist conventicles took part in a large number of Labour city organisations and that party's conference seemed to be engaged in an all out war with its own parliamentary party, Labour's vote fell in 1983 to an extraordinary, unprecedented, unbelievable 27.6 per cent, which is to say about one and a half per cent less than what it was this year, a disaster never equalled since the end of the First World War. There was a long period in the British election campaign earlier this year when it seemed as if that record might in fact be broken. In the end, though, Labour survived, thanks in large measure to the selfless and patient efforts of its then party leader Neil Kinnock, perhaps Britain's equivalent of Bill Hayden in putting a party back together after a disaster.

In the long run, 1983 was actually most notable for the collapse of the British electoral system as an adequate instrument for the transmission of popular votes into parliamentary representation. Labour's 27 or so per cent of the popular vote that year

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netted it no fewer than 209 seats in the House of Commons, a disastrous figure, but still far more than you might have expected, mainly due to the fortuitous concentration of Labour votes in strategic electoral heartlands. And yet the Liberal–Social Democratic Alliance of that time, the forerunners of today’s Liberal Democrats, secured a full quarter of the popular vote, about two per cent less than Labour, and nevertheless was rewarded with 23 seats. This means in effect that in 1983 a Labour voter’s vote was worth on average about 10 times that of an Alliance voter, a proportion that would seem ridiculous in Australia. This could only seem unremarkable and not a major fundamental political problem in a country such as Britain, which even though it was the birthplace of modern democracy was still allowing members of parliament to voyage down to London with a few dozen votes in their pockets in the nineteenth century and on a few occasions with no votes at all. I think history has to be at least one explanation of why the British electorate and the British political establishment is so tolerant of political outcomes that by our standards seem absurdly perverse.

Of course Britain is not just the mother of democracy—although Americans might contest that fact, they were more democratic at an earlier stage as they like to point out—it’s also the mother of the two-party institution. Before the Labour and Conservative parties of today there were the Conservative and Liberal parties, the Whigs and the Tories, Hanoverians and Jacobites, Roundheads and Cavaliers. Indeed you could almost style Britain as the birthplace of the modern political binary opposition: the idea that the political spectrum only works when it is divided into two warring groups who in a sense monopolise the political space. In the early decades of the twentieth century, when the morning star of the Labour movement seemed to be in ascendancy, the old Liberal party, which traditionally had been the centre-left party in the way the spectrum was aligned in those days, more or less graciously consented to die as if to allow the new party into being and to allow the two-party system to continue. Historians have often wondered about that peculiar event, why it was that so neatly a two-party system of Liberals and Conservatives morphed into a two-party system of Conservatives and Labour, as if the Liberals willingly consented to die, as if it seemed to be crucial to have two parties and no more and no fewer.

In the 1980s there was for a while a lively debate about what was wrong with British political institutions and the possibility of a three-party system emerging in the country as it seemed at that time to be doing. And you would expect that they should have had such a debate. After all, the Conservatives won a swingeing majority in 1983 on the basis of about 42 per cent of the popular vote. They also won in 1987 and 1992 with an almost identical popular base each time meaning that they dominated British politics for about a decade even though three in five voters voted for centre-left parties. Again, in this country I would think we would normally assume that was



an aberration that maybe we might allow to happen once but not continuously for a decade and not periodically, even semi-normally, for a generation.

I think there is a recent history in Britain of a failure to come to grips with developments which in Australia would appear very obvious: that the traditional model of the two-party system was falling apart for reasons that still aren't clear, least of all to the British political class; and an inability to imagine where to go from there. I suspect therefore that the problems of the 2010 election in Britain where you had a similarly odd result and then a long period after the election where nothing really happened and no one knew what was really happening was in a sense the long-delayed outcome of a generation worth of prevarication and avoiding the question—the great British national disease, I guess you could say.

One other feature of British public life that I want to mention which seems to me pertinent and relevant to current events and which always strikes Australian observers there, I think, is by our standards the relatively low level of economic debate there and indeed of bare rock economic literacy even amongst supposedly informed members of the political class. Paul Keating once quipped something to the general effect that Australians had been forced to turn ourselves into amateur economists because of the manner of our introduction into the global economy in the 1980s and 1990s. We had all been forced to think like miniature economists and we all read the business pages. He might have added that we are compelled into the same role by the confluence of our high levels of home ownership and our predilection for variable interest rate mortgages which means we get incredibly anxious about our entire assets in the world possibly disappearing down the drain on the basis of movements in interest rates, inflation and other factors. And he might have topped this off by pointing out, contrary to what a British visitor might expect, that many of our best practical economists live not in leafy neighbourhoods or chic inner-city apartments where their denizens are blissfully free to think post-materially, but in the highly geared outer suburbs of our major cities where a percentage point or two either way on the cash rate can make the difference between a week of sleepless nights and a full restful eight hours a night.

Now British citizens today are certainly more economically literate than they were a quarter century ago when as I well recall the ceremony of opening a bank account still felt like it was a sacrament best conducted, especially by visiting graduate students, in a borrowed tie and white shirt and when most households' dreams did not extend in that country beyond a pocket handkerchief back garden and three or four rooms in a blitz-era duplex. As we know in Britain they have also moved into the world of shares, investments, managed funds, foreign holidays, pastel-coloured lounge suites and all the rest of it. And yet I think it is still fair to say that the expectations placed on

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public policy competence there are still lower than we would be inclined to tolerate. The costing of public policies for the purpose of public debate there is now in fact a business best done by people other than government such as the admirable Institute for Fiscal Studies that produces studies and papers about it, which I think in some respects were the stars of the British election campaign of 2010.

It was often claimed at the time that Margaret Thatcher's premiership from the end of the 1970s to the middle of the 1990s overthrew this culture of benign fiscal vagueness which I think has probably been traditional in Britain ever since the Second World War when they were still using American dollars to build the welfare state in the late 1940s. Supposedly Thatcher threw that over in favour of a severe model of balanced budgets on the model of the household budget according to which running public deficits was akin to sending a family to the poorhouse. But like so many agreeable political myths, I think this one has endured so well because it pleases everybody—Mrs Thatcher's supporters who saw in it evidence of her revolutionariness and her critics who saw it as evidence of her heartlessness and yet I don't think that subsequent scholarship has really borne it out.

Mrs Thatcher and the other conservatives of her era cut public services, of which she disapproved, and privatised public utilities so as to introduce market forces into previously state monopolies. The rationale for both of these actions was really political, much more than economic. Public spending as a percentage of GDP actually fell only quite modestly between 1979 and 1997 during the great maelstrom of the Thatcher years, and mostly that was in the course of two or three years in the mid to late 1980s. And yet tax receipts fell by an equal or greater amount over the same period mostly as a result of political tax cuts by Margaret Thatcher in fact. So the net fiscal position of the British state at the end of the long conservative hegemony was little different from the beginning except that the total amount of spending was less.

Again, while the Blair/Brown administration of the last decade or so from 1997 was bitterly criticised from its left as being far too modest in its public spending, we now know in retrospect that Britain's fiscal position was being allowed to grow steadily more parlous over the course of all of the last decade from the early 2000s. So that after the world economic shocks of late 2008, Britain's public finances more or less collapsed within a matter of months, and as you may be aware from the papers, Britain is now more heavily indebted than it was at the end of the Second World War. Of all of the G7 countries it has by some distance the largest structural component of its deficit of all. It now stands in a fiscal state not dissimilar to the Mediterranean countries or even Ireland albeit that it has a much better ability to service its debt. Again, I'd probably suggest, at risk of sounding like a naive patriot, that this is the end result of several decades of concerted economic absentmindedness.

Certainly Tony Blair saw himself as a modernising leader and I think one does have to give him that. He did attempt to modernise Britain in various ways. He attempted to form public institutions, and indeed parts of the welfare state to be more consumer focussed and I think you would have to give him some of those points. Yet in other respects it was still politics as usual throughout the Blair period and nothing had really changed in other elements of the political culture. British political parties by our standards are still quite antiquated as institutions and his own Labour Party managed to spend a large part of the last decade more or less oblivious to its deadly diminishing popular base. Labour is now back in the same place it was in 1983 when people thought it was on the brink of ceasing to exist as a major political party and they have not really done that much to address it in the meantime.

I think that it is also fair to say that Westminster politics is still more distant and secretive than in Australia and political and service delivery much more centralised and inscrutable. Not every aspect of a more centralised government system is good. We are presently in this country in a sense of wanting to abolish the states and how much better it would be to just have a national government and a local government. Some overseas experiences might seem to bear that out but not all of them. I am not sure that Britain is a case in point. The level of centralisation and the effects it has on public debate and public openness have not always been good. Definitely Britain has moved on since the days of *Yes Minister*. But even today I think it is hard to imagine making a program like that in this country. It wouldn't ring true in a way it does there. The same arrogance and insouciance of the public service elite, apparently with no sense of obligation to explain themselves to the public, doesn't quite work in our setting it seems to me.

We all have somewhere in the back of our minds accompanying fantasy that says that history is a kind of deity which passes wise judgements on events in retrospect, sorts out the saved from the damned, and gives a kind of tidy logic to events in retrospect. I'm here as a trained historian to tell you that history in fact does nothing of the sort. Chiefly we use it to confirm our prejudices, settle scores and explain how we got to be the kinds of interesting people we are today, much more interesting than the people of the past. So as an historian I never expect history to tell me what really happened or to illuminate what seemed obscure at the time although retrospect is an invaluable tool for all that. There are also historical moments that I think in retrospect assume a new significance and I think in retrospect 2010, like 1983 to 1985, will seem like that in the modern history of Britain. It stands if you like as an historical henhouse in which a great many political chickens came home to roost at the same time.

There are two points then I think worth making. The first is I think that Britain has been in a de facto non-two party state now for a generation, but had been in denial

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about that—partly out of self interest of the different political parties. At points it suited the Conservatives; more often it's Labour who's done best out of that situation. You can argue the toss back and forth and people more expert than me could do it better, about how that would look if they had a different electoral system, if they had preferential voting such as we do. They are now toying with the idea, but being British of course they can't say 'like they do in Australia'. Instead they call it the 'single transferrable vote' which always reminds me of the days when they used to call the secret vote the Australian ballot. And the reason why you couldn't have the secret vote in Britain was because that's the way they did it in Australia. You could ask yourself would Britain be a three-party system now if they had preferential voting such as we have in federal elections here and I don't know what the answer to that is. Maybe it would ironically have morphed to something being closer to the two-party system again. Would the Liberal Democrats be more like the Democrats here or the Greens? I don't know. But nevertheless that is what they have had for generations.

The second point would be a distinct point from that really. Over that period of time there had been also a kind of willed blindness about the fragility of British public finances which has been obscured by the great political turmoils of that period. Even today people in Britain say 'Thatcher's Britain' which of course summons up all the fires of hell as if in that period Britain was completely remade and from that you would expect the statistics would tell us all sorts of things went up and down and unfortunately on the whole the statistics don't show that, with a few exceptions, at all. On the whole Britain was not perhaps transformed as dramatically over that period as we may have imagined. And even today, which was still obvious in the recent election campaign, Britain has still remained remarkably vague. Obviously the state of its public finances and their robustness and how to reinforce them and make them sounder but also how to communicate that and discuss that in public political debate. And it has really not happened in that country, I think it is fair to say, in any concerted way in the course of the last generation at all.

And again this is naive patriotism on my part, but when you compare the debates and the turmoil we've had in this country over the same period—think Paul Keating and the banana republic and all those other things. Remember we all thought the country was going down the plughole because of our current account deficit at one point. We kind of all forgot that because it didn't seem to be so much the case. If anything we worried too much rather than too little whereas in Britain for whatever combination of historical factors, it can't just be World War II, they clearly worried much too little. A matter of equal concern is that they have also not found a way to address it in public debate. That was the thing about the 2010 election there. Very strikingly from an Australian point of view Britain faced the most dramatic economic events since World War II. It is in a fiscal position, potentially even other kinds of economic

positions, resembling the Great Depression (possibly) over the next few years and yet there has been no serious attempt to address the underlying factors in public debate. Most of the British public have not been drawn in to that knowledge in a way we would expect in this country. There has been clearly a failure of public debate. It doesn't just say something in a parochial sense about Britain, but about the perils of public debate in parliamentary democracies even in the mother of them all.

Two points I want to make. Firstly, the two major problems with the British election this year are that the campaign was conducted in a fashion that still presumed that Britain was a two-party system—and it hasn't been for a generation—and the manner in which that was done gravely compromised the workings of representative democracy. Point two: in the context of the gravest fiscal and possibly even economic malaise of Britain since the Great Depression, there was no serious attempt to articulate to the public the depths of that and what would be required.

The Institute of Fiscal Studies costed what the parties were saying would be needed between now and 2015 to address just the structural budget deficit of public finances in Britain, not worrying about unemployment, and concluded that all the parties thought that it was somewhere between about £45 and 64 billion. Then the Institute for Fiscal Studies looked at all of the statements made by all the parties up until the election day and what they were proposing to do and it varied according to the party. Labour was the worst offender: they had costed savings up to about 13 per cent of the total of what they said would be necessary—87 per cent of what presumably needed to be done they weren't about to tell the British electorate. The most virtuous were the Liberal Democrats. They enumerated about one quarter of the cuts they said they thought would be necessary but then theirs was the most optimistic picture of what would be needed so maybe they weren't being so virtuous after all. The British election of 2010 was a basic failure of democratic protocols and trust even in the electorate which is very sad to say about the country that in a sense invented the system and our system as well.

The Liberal Democrats were widely described in the British election campaign and presented themselves as a centre-left political party. Labour also still presents itself as a centre-left political party. The Conservatives present as a centre-right political party moving more centrewards. The centre has become much more densely populated in British politics than it was a generation ago. It's fair to say that British voters going into the polling booths would have voted on those presumptions. None of the three parties at any point talked about what they might do after the election even though I think it was manifestly obvious that no party was likely to get an electoral majority in their own right. None of the three parties said anything about what would happen in the overwhelmingly likely event that a coalition had to be formed so anyone thinking

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of voting Liberal Democrat, a party presenting itself as a centre-left political party, had no idea whether in voting Liberal Democrat they were voting in a government of the left or in fact a government of the centre-right.

So 25 per cent of the British electorate—plus other people voting for minor parties, who got nowhere of course in their system at all, their votes were just lost—voted in pure hope with no knowledge whatsoever of what their vote would mean for the outcome of the election and which government would be formed. I would have thought that this is simply a miscarriage of democracy in a moral sense. Likewise, even Labour and Conservative supporters had no idea what their parties were going to do after the election. No one would talk about it. I would have thought that with a generation to think through this point it should have been possible to imagine beforehand how you would speak to the electorate and take the electorate into your confidence about those issues.

I hope that in similar circumstances in this country we would not go down that path. It's not immediately on the horizon. There is no third party immediately in the process of becoming big enough that that would become an issue, but if it did then that obviously would be a problem. It is hard to imagine what circumstances in this country would approximate that. I came up with Liberals and the National Party refusing to campaign together but then coming back into the coalition after the election. Labor and the Greens campaigning separately but then forming a joint government would be a paler version of the same imposture but on a much lesser scale. It is hard to imagine this country in the near future which would mirror that but I think the basic principle is simple: that the British electorate should have been taken into the confidence of the party leaders.

Even to make things more bizarre, after an election campaign in which Labour and the Liberal Democrats both presented themselves as centre-left political parties, neither seriously engaged in talks with the other to form the centre-left government that most people assumed they were trying to form. So even people's best guesses of what might happen were confounded and they were given no hint otherwise. All the anecdotal evidence that has come out since the election campaign has suggested that neither the Liberal Democrats nor Labour seriously intended to form a coalition as a result of the election. So what it is the British electorate were supposed to make about that series of political events and how they should vote I have no idea. It is a travesty of a venerable and worthy electoral system.

The second point, as I have mentioned already, is that there was no serious effort to deal with the fiscal crisis in political terms or to explain in any serious way how it was going to be dealt with. Immediately after the election the new Conservative–Liberal

Democratic government did exactly what you would expect, they said ‘oh my goodness, things are so much worse than I thought. Even worse will be needed and we might now tell you what that is’. Clearly that was a failure of politics and democracy as well. Again, in terms of lessons for Australia we have no immediate lessons of that magnitude where the parties have failed to take the electorate into their confidence in that spectacular way. However, the possibilities are there. Over the last couple of years since the global economic crisis of 2008 out of a sense of the urgency of the times, clearly there were standards of public accountability and public disclosure to do with aspects of the stimulus program which were troubling in terms of developing economic policy in secret. Ever since the early 1980s Australian federal governments have taken the electorate broadly into their confidence about our economic difficulties, sometimes even exaggerated them as in the case of Paul Keating and the banana republic. There are even some signs that in times of what appears to be economic emergency—and in retrospect maybe 2008 for us in Australia was not an economic emergency—governments might be tempted to do things without taking the electorate into their confidence or providing costings that we would otherwise have expected them to have done.

To be frank, watching the 2010 elections in Britain it was hard not to be affected by a rather unscholarly and even complacent sense of patriotism. This was the point of course of my opening reverie, that even in the mid-1980s it was still possible for a visitor to see Britain in that nineteenth century fashion. With our imagined national ethos that we like to think of as being pragmatic and problem-solving, what we like to believe is our general willingness to face political problems squarely. We would like to believe we’ve avoided most of the egregious problems that afflict British political culture today. Yet, observing the largely improvised and untidy populism that’s already in place in our own electoral process in 2010 it might be useful to keep in mind the recent British experience, as they would have said in the Middle Ages, as a *momento mori*, a remembrance of death, a reminder of what happens to democracy when simple respect for the intelligence of the electorate is lost.



**Question** — Why are Britons so indifferent about their electoral systems? Is it that the flat caps that you saw being worn in 1983 are very much a state of mind still and a large proportion of Britons think that someone else will look after them, they don’t have to be engaged? Why don’t they demand electoral reform?

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**David Burchell** — Of course, it was an impressionistic paper and I run the risk of being too impressionistic in what I said there as well. A more mundane explanation, I guess, would be interests—political interests. You could say that it has suited the Labour and Conservative parties at different times to keep things as they are, and yet ironically, at the end of it all, I think it is a bit of a case study, sometimes, doing the right thing for the long run. I don't think in 10 years time, looking back, the British Labour Party will think they were as clever as they thought they were because not addressing the problems with the electoral system in Britain and the manifest bad representation it has led to over the last generation. By not addressing those problems as they emerged, they possibly in the longer run have condemned themselves to a worse fate than they might otherwise have endured. Because paradoxically, if Britain had moved towards what Gordon Brown was vaguely talking about over the last 12 months, which is a sort of watered-down approximation of our exhaustive preferential system, I would have thought that the British electorate, over that time, could have got used to preferential voting and would not feel that they had to make a choice about who the centre-left party of the future was going to be if they have to make that choice. If they do make that choice it's entirely possible it may not be Labour. That was entirely possible after the 1983 election. A lot of people in the Labour Party at the time feared the party's extinction. It's not impossible, it could happen again.

I don't want to sound like some sort of freshly scrubbed baby in this respect in my innocence, but it could be one of those cases where you look back and think, maybe actually doing the right thing would have been the right thing. Maybe addressing the problem at the time, even though it seemed electorally expedient to Labour to keep a system that worked for them, might, in the long run, have served them better. Because as their old historic base fell away, and they were more reliant on more lukewarm support, it may have been, actually, that a system closer to ours would have suited them better. They are now really reliant on strategic heartlands. If you look at the electoral map of Britain now, if you look at the election results of Britain from 2010 you will see what I mean. Virtually the entirety of England is Tory, with the exception of certain neighbourhoods around south-east England, and everything from north of the midlands is Labour or Liberal Democrat. It's purely tribal in a sense, which is a result, I would say, of having failed to address some elementary problems of the needs for change in the electoral system over a generation.

**Question** — Your statement at the end, that simple respect for the intelligence of the electorate is lost, really resonated with me. Frankly, here in Australia I don't see our parliamentarians of any party really speaking to our better nature and I find that a great tragedy. What can we the electorate do about that?



**David Burchell** — I have to confess my expectations are lower than yours. I know exactly what you mean. I am kind of with you there and kind of not. I am a believer in majoritarian politics, so I believe one has to find political solutions to things that are morally complex, and I don't believe we can expect better of our politicians than that and if we do, we are probably expecting things they can't deliver. But I do think there is some level below which politicians shouldn't stoop and should be expected not to stoop. Even if they don't incarnate our best natures, as we might wish they did, at the very least they shouldn't deceive us egregiously or leave us in the dark. They should give us choices that at least we understand and then if people make the choices we think are the wrong ones, at least a choice was made. I understand the problem you are alluding to. I think I'm talking about a much more mundane lower-level problem, which is not even politicians doing the right thing, or following their hearts, but simply making it possible to understand what the options are, even if people choose what you or I might think is the wrong one.

**Question** — Two brief examples, using asylum seekers as ping pong balls, and the wars in Iraq where everybody was sort of being hairy-chested. I don't understand how that is talking to a better nature.

**David Burchell** — Well I just say again, what I said just then. I distinguish between two orders of problem there. A problem where you think, where you are angry that politicians you think are behaving in an immoral fashion and my lower-order problem, which is whether or not the politicians even present the choices on offer. Even if you feel the people have made the wrong one.

**Question** — I would like to call into question the point you made that the 2010 British elections proceeded on a two-party basis and I would like to do so in the context of the televised debates. The very first time that Britain had televised debates, all three leaders were represented and that is something that would be unthinkable in Australia.

**David Burchell** — It wouldn't be unthinkable if we had a third party that was on track to become a second party. The Liberal Democrats, when those debates were held, were a serious possibility of polling more than Labour and when that happens in this country I would hope we would do the same thing. You are absolutely right, of course, I misspoke and I would take your point entirely. The British election campaign of 2010 was conducted in certain respects as a three-party election campaign. Of course that was also unbelievably novel and what blew everyone's socks off, if you were following the British newspapers, cynical columnists were caught up in this. I remember one of my favourite English columnists, a guy called David Aaronovitch, he writes for the *Times*, he just thought this was the most exciting

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election in history. I think just because, somewhere in his mind he felt they were finally addressing the world that was there in terms of how people were intending to vote. You are absolutely right, of course, it was presented for the first time as a three-party system and yet the parties didn't behave that way, which is the simple point I was trying to make. They still behaved as if each of them was in a two-party system which accidentally had a third party, if you know what I mean. Yet clearly what was going to be the outcome of the election was a coalition government. That was the overwhelming likelihood and yet they still behaved in the two-party mentality of talking as if one of the three parties would govern. So you are absolutely right and I didn't express my point correctly and you forced me to express it correctly and thank you for that.

**Question** — I think there is a fourth party in the British system that you haven't mentioned and that is the apathy party, of people who don't vote. And the big difference between Australia and England is, of course, that in Australia we have compulsory voting—something which I think is absolutely brilliant, having come from England. I wonder to what extent that the lower vote is a possibility in Australia too given that we now have parties that are competing at the centre rather than being clearly defined as left or right. People could become so pissed off, disillusioned with politics, that they will just not turn up to vote even though we have compulsory voting.

**David Burchell** — The political historian in me has to say, and this is something political sciences, I think, have established as well as you can empirically, as far as I'm aware there is no evidence that Australians are actually more disenchanted with politics now than they were a generation or two generations ago. Australians were always cynical about politics. We always want to believe we are getting more cynical and Australian political parties have always tended to cluster to the centre and of course most times they do in most countries except in exceptional circumstances. But you are absolutely right that something that distinguishes not Britain but us is compulsory voting, or at least compulsory attendance at elections. We are not forced to vote, of course. It is possible to argue that point in law, I suppose, but compulsory attendance at polling booths at the very least. Of course that is our peculiarity rather than the British. I cannot actually remember what the turnout was in 2010 in Britain. I do remember that people were disappointed. They expected all the excitement of the new three-party debates and all that would make the turnout higher than it was but I can't remember what it was.

But certainly in a lot of Western countries there has been a slow decline in participation, spectacularly in America, over the last couple of generations. There has been a slight decline in Australia as well, of more people being fined for not turning

up to polling booths. But we don't exactly know why that is. That might be apathy. It might just be busyness. Who knows? And of course people in Australia have argued for the longest time as to whether our system is better or worse. But certainly what we do know is it's more representative. The most egregious thing about the British system is that if you have a first past the post system without preferences, and without our system of compulsory voting, it does mean that, in effect, Margaret Thatcher believed she was re-making Britain on 42 per cent of the vote of about 70 per cent of the population. The legitimacy of governments by our standards becomes, in a sense, absurd. I would have thought that if you put those two things together you have a major problem. The first past the post system I think is antiquated and they should get rid of it. Put it together with voluntary voting and the legitimacy of balance starts to look shaky.

**Question** — What I would like to ask you is what you think for the UK, and perhaps also for Australia, is the best electoral system? The Liberal Democrats want proportional representation. Having seen what havoc that created in France in the fourth republic with unstable governments, I don't think it is a good idea at all. Perhaps for the same reason you're suggesting that they won't copy Australia in the UK, nobody thinks of copying the French system of constituencies with two rounds of voting. As you know it is said in France that in the first round you vote with your heart, in the second with your wallet.

**David Burchell** — I confessed five or six times to naive patriotism today already and here is the seventh. I actually think our system works well. It's not flawless, of course. Minor parties often feel quite annoyed about it, feel they are underrepresented and minor parties in Australia always think that proportional representation would be better. On the other hand, of course, minor parties like the Greens sometimes get to enjoy themselves and run the prospect of winning seats like Melbourne or Melbourne Ports or Sydney with far less than 50 per cent of the popular vote, not even coming close to coming first in the electorate. So occasionally they get their moment in the sun as well and it would be a very big moment in the sun, maybe even a bit of a minor travesty of democracy when it happens, but nevertheless. So we have our aberrations in our system going both ways, both to the disadvantage and to the advantage of minor parties but nothing compared to first past the post. Of course you will be aware in Italy, after the great corruption scandals of the 80s, the Christian Democrat hegemony collapsed. They were so disillusioned with proportional representation, regarding it basically as a mechanism for corruption, which it sometimes is, that they then borrowed the British system, or thought that was what they were doing. Out of the frying pan and into the fire, I guess you could say. I think proportional representation does have the problems you have mentioned by itself and some hybrid system often. It's one of those things, where hybrid systems are often better than pure

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systems. Our system is really a hybrid and, as you say, the French is another. Hybrid electoral systems often work quite well.

**Question** — I wonder if you would comment on the actual mechanics of the voting process because the failure of the first past the post system is a fairly obvious thing, even on a superficial reading. I was astounded at some of the mechanics where one person has to check the roll off in each polling booth. There is only one person instead of half a dozen as we have here, and enormous queues, voting on a working day, and apparently not enough papers in some electorates. How could they be so administratively incompetent when you compare the efficiency of the Australian Electoral Commission (AEC) here?

**David Burchell** — Well I don't know how the AEC does it, I have to say, having lived in a number of countries over the years. I don't know how they do it, they are brilliant and I have no idea how, unlike almost every country in the Western world, using a purely mechanical, analogue, non-digital system of voting, we can know what happened in federal elections across the entire country in an hour and a half. In other countries of a similar level of affluence and political sophistication it can take days to find the same answer. It is a tribute to the AEC. So there is my ninth bit of naive patriotism for the day. I suppose to be fair to them you would have to say that in a country, which is every country in the Western world but us, where voting or at least attendance is not compulsory, the question of how many ballot papers to print is slightly more vexed. Obviously it's an era of constraint on paper usage as well. You're hinting at, I think, an element of antiquatedness there that might be specifically British and there might be that as well, but certainly our AEC is a model, or ought to be a model. I am not aware of anyone else in the world coming to see how it does it. I don't know how we manage to do it. Having been in all aspects of the polling process myself in different parts of my life, working as a young person in there, having scrutineered in the past and all sorts of things, it's pretty impressive.

## **Devotion, Daring and Sense of Destiny: Surveyors of the Early Commonwealth\***

David Headon

During the decade that preceded Federation, the Australian colonies entertained a number of visiting dignitaries and international celebrities curious about the former British convict gulag that had so spectacularly reversed its grim early fortunes. None of the visitors was as popular as the American writer and humourist Samuel Clemens—Mark Twain. In Australia on a world-wide lecturing tour in 1895 because of some ill-chosen investments, Twain took an avid interest in Australian culture and history. In the publication of his travels that followed soon after his southern sojourn, *Following the Equator* (1897), he observed with characteristic flair:

Australian history is almost always picturesque; indeed, it is so curious and strange, that it is itself the chiefest novelty the country has to offer, and so it pushes the other novelties into second and third place. It does not read like history, but like the most beautiful lies. And all of a fresh new sort, no mouldy old stale ones. It is full of surprises, and adventures, and incongruities, and contradictions, and incredibilities; but they are all true, they all happened.<sup>1</sup>

When the many Australians who read *Following the Equator* over the next one hundred years read this paragraph, they must surely have reflected, with satisfaction and not a little pride, on a succession of historical milestones: the transformational Lachlan Macquarie years, for example; the opening up of the interior; John McDouall Stuart's epic explorer quest; Lola Montez defiantly horse-whipping a critical newspaper editor in booming gold-rush Ballarat; Eureka; the world firsts of the Australian labour movement; the sporting achievements of the cricketers, the rowers, Archer and Carbine; the Australian Constitution story; Federation itself; Gallipoli; and Kokoda, to name a sample.

Few of Twain's Australian readers would have considered the Canberra story, the birth of the national capital, on their list, and yet the creation of the capital city of the fledgling nation fits Twain's description like a glove, especially the many yarns included in the Grand Narrative's first instalments:

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\* This paper was presented as a lecture in the Senate Occasional Lecture Series at Parliament House, Canberra, on 3 December 2010.

<sup>1</sup> Mark Twain, *Mark Twain in Australia and New Zealand* [excerpted from *Following the Equator*, 1897]. Ringwood, Vic., Penguin Books Australia, 1973, p. 169.

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- opium addict, journalist and convict short story writer William Astley, for instance, determined to achieve continent-wide interest in the so-called ‘Battle of the Sites’ to find the country’s ideal capital;
  - Australia’s second prime minister, Alfred Deakin, prime minister on three separate occasions, holder of the reins of power through key national capital selection years, and yet a man more passionately attached to the idea of raising the dead than raising taxes;
  - third prime minister, Chris Watson, born in poverty on a ship in the bay of Valparaiso, Chile, destined to be the first labour leader of a modern democracy and whose intervention for Canberra as the best capital site was based in part on his love of trout;
  - the many ‘tours’ of the enthused senators and members, to obscure, mostly southern NSW towns and regions, full of high-mindedness, high aspirations and sundry high jinks;
  - the plethora of votes in the House and the Senate that at one point gave the capital city nod to the Snowy River hamlet of Dalgety in 1904, and at other confused and confusing moments to Tumut, to Bombala, and to the apple town of Batlow<sup>2</sup>;
  - the seemingly interminable process of locating a capital that exhausted seven Commonwealth governments, five NSW governments, two royal commissions, nine Commonwealth ministers of home affairs, and involved four lapsed bills and three Acts of the Commonwealth Parliament<sup>3</sup>;
  - the courageous rebel Victorian senator James Hiers McColl, who turned an 18–18 deadlock Senate vote between Tumut and a hybrid concoction called ‘Yass–Canberra’, into a 19–17 triumph, as Australia finally got a Seat of Government Act in 1908 that would hold its place—in favour of the hybrid.<sup>4</sup> This was the result of a clever, last-minute compromise thought up by Chris Watson and George Reid, Australia’s fourth prime minister, that carried the day, and just enough of the doubters.

I could go on, and did in a Senate lecture a couple of years ago.<sup>5</sup>

There is little doubt that Twain’s contradictions and ‘incredibilites’ are everywhere apparent in the two lively decades of the emergent Canberra story up to 14 December 1908, when the necessary royal assent for the *Seat of Government Act 1908* made it

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<sup>2</sup> See, for example, Roger Pegrum, *The Bush Capital: How Australia Chose Canberra as its Federal City*. Sydney, Hale & Iremonger, 1983.

<sup>3</sup> Gavin Souter, *Acts of Parliament: A Narrative History of the Senate and House of Representatives, Commonwealth of Australia*. Carlton, Vic., Melbourne University Press, 1989, p. 104.

<sup>4</sup> Pegrum, op. cit., pp. 140–4.

<sup>5</sup> David Headon, ‘Wanted: treasure house of a nation’s heart: the search for an Australian capital city, 1891–1908’, *Papers on Parliament*, no. 50, March 2009, pp. 51–68.

law. But what of the surprises, the adventures, the incongruities that the American so delighted in? To locate them, we need to turn our attention to the next instalment of the Canberra story. Less colourful perhaps, but every bit as imposing and surprising. Chapter the Second, if you like, which places an unlikely group, the Commonwealth surveyors, into our main frame—the men whom respected historian Laurie Fitzhardinge termed, with affection and admiration, ‘the heralds of a new era’.<sup>6</sup>

With the utmost respect for the practical capabilities and talents of surveyors as a group, it is surely fair to say that theirs is hardly a profession with which one readily associates high adventure, surprises and assorted incredibilities consistent with Twain’s observations. Yet these are exactly what you get in the minutiae of the saga of Canberra’s Commonwealth surveyors.

Consider, at the outset, the spare facts surrounding Claude Stafford Vautin, the man apparently responsible for so much of the precious surveyor and broader community photographic record of Canberra’s early history, a hundred years ago, including a number of those now iconic shots atop the Big Ceremony podium on the first Canberra Day, 12 March 1913, featuring Lord and Lady Denman, Andrew Fisher and King O’Malley. Or rather, we think this cache of photographs was the work of Claude Stafford. The National Archives is of that opinion. However, the photos may just have been the work of his immensely skilled cartographer and photographer father Ernest, who put a bullet in his head at the Randwick Rifle Range, aged 59, in 1916.

The Canberra Vautin story, Claude Stafford and Ernest Stafford, gets a little curiouser when we explore their common lineage: one direct forebear, Claude Stafford’s great, great grandfather, Claude Theodore, was the aide-de-camp of Napoleon Bonaparte himself. A related descendant, it appears, is one Paul ‘Fatty’ Vautin, proud Queenslander, former Australian Rugby League footballer and Channel 9 *Footy Show* host. Surprises, incredibilities indeed. There are a few more in store.

This paper will focus on a selection of the surveyors’ centenary stories—yarns about those men and their pioneer wives who, between 1909 and 1915, camped on the Limestone Plains and in the nearby Brindabellas and southern alps in order to survey the city within, and the border of, the new Federal Capital Territory (FCT), as it would be called at its commencement date, 1 January 1911. The FCT perimeter measured out a very big border. Surveying it accurately took years, and heaps of ingenuity, devotion and, yes, even a little daring. Weather and water loomed large. Lifelong friendships were forged. Characters abounded. Egos too.

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<sup>6</sup> Laurence Frederic Fitzhardinge, ‘Old Canberra and district 1820–1910’, in H.L. White (ed.), *Canberra, a Nation’s Capital*. Sydney, Angus and Robertson, 1954, p. 32.

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These surveyors a century ago had a keen sense of their role in the ‘nation-building’ project. In Canberra over a seven-year period, a period during which Australia became embroiled in the Great War, the surveyors undertook a specialist task. In the course of carrying it out, they rubbed shoulders, and shared their fires and camps, with like-minded Commonwealth and state politicians, geologists, meteorologists, astronomers, engineers, architects and military men. All relished the chance to be a part of something far bigger than themselves, a part of an endeavour destined to exert a lasting impact on the generations of Australians to come.

This paper will first recall a long-forgotten conference of Australian professional men that took place in Melbourne in 1901, a gathering which helps us to place the surveyors in cultural and industry context; secondly, some necessary detail will be provided about the premier surveyor of his generation, Charles Robert Scrivener, his character, his influence, his aura and his commanding role in the early Canberra story; next, the facts of the broader surveyor narrative will be clarified, focussing on a few of the other men of significance involved and the reason why they were rightly regarded at the time as ‘heralds of a new era’; fourth and finally, these stout-hearted men will be placed among their professional and political peers in Canberra during a period of years, pre-World War I, acknowledged and welcomed at the time as being consciously, programmatically ‘nation-building’.

As Prime Minister Julia Gillard searches for ways to formulate and progress a big-ticket issue agenda for 2011, she could do a lot worse than use, as a benchmark for action, the determination and courage of her Labor Party centenary predecessor, Prime Minister Andrew Fisher, who, a hundred years ago, made gutsy decisions for his adopted country that left a lasting legacy.

To gain some insight into the cultural milieu into which we place the first Commonwealth surveyors, we need to go back a few years before the watershed year 1909, back to 1901, the year of Federation. When the first Commonwealth Parliament was opened in Melbourne on 9 May, just down the road in Collins Street (and running for a full fortnight from 6–17 May) a meeting of design and building professionals was already underway. The event’s full title was ‘The Congress of Engineers, Architects, Surveyors, and Others Interested in the Building of the Federal Capital of Australia’.<sup>7</sup> The design of Australia’s new capital, all the participants agreed, was far too important to leave only to the politicians. Experts must be called in on this matter of national significance, and the Congress was organised to signal such intent. Two

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<sup>7</sup> *Proceedings of the Congress of Engineers, Architects, Surveyors, and Others Interested in the Building of the Federal Capital of Australia, Held in Melbourne in May 1901*. Melbourne, J.C. Stephens, 1901.



‘resolutions’ were adopted, a first insisting that design professionals must be fully involved in the selection of site, and a second, more portentous resolution:

... in the opinion of this Congress it is important that the Federal Capital should be laid out in the most perfect manner possible, and that, to avoid the mistakes made in many cities of spoiling the plan by utilising existing buildings, it is desirable that in any site obtained, all obstructions be removed that would in any way prevent the adoption of the most perfect design.<sup>8</sup>

There would be times in the years ahead when certain politicians, Labor and non-Labor alike, agitated for a downmarket, narrowly utilitarian, ‘wattle and daub’ capital, but for the most part—and certainly at the key moments—high aspiration was in the ascendant.

All thirteen papers presented at the Congress reiterated a commitment to world’s best practice design. In his opening address, George Higgins purposefully recalled the splendour of Daniel Burnham’s White City pavilions, at the World’s Columbian Exposition in Chicago in 1893. Throughout his paper, Higgins addressed Australia’s unique opportunity to build ‘a model city’, an ‘ideal city’, and his introductory words set the elevated tone for what followed.<sup>9</sup>

Two points about this timely meeting need to be made: first, the fact that the opening two papers in the published proceedings were by surveyors, ahead of the engineers, architects and what today we would call landscape architects; and second, there was no sign of any ‘grandstanding’ by any of the professions. What do I mean? Well, in the twenty or so years preceding the conference, and in the decade following it, heated debate amongst the professions continued virtually unabated as to which one was best suited to lead the relatively new ‘science’ of town planning. The architects would make the most audacious international bid for this premier status at the first international town planning conference (in London, October 1910),<sup>10</sup> but there was no sign of any antipathy amongst the Australians in Melbourne. All sang from the same song sheet, endorsed the same aims for the new nation’s capital and applied themselves to the task of articulating the role to be played by their particular profession. Surveyor R. Henson Broadhurst anticipated a very real problem to emerge in Canberra 10 years later, when he stated that:

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<sup>8</sup> *ibid.*, p. 7.

<sup>9</sup> George Higgins, ‘Inaugural address’, *ibid.*, pp. 10–11.

<sup>10</sup> *Transactions: Town Planning Conference*, London, 10–15 October 1910 (The Royal Institute of British Architects). London, The Royal Institute of British Architects, 1911.

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The surveyor, bearing in mind the trouble and litigation continually proceeding in the existing cities owing to the imperfections of the original surveys, proposes to himself, that, in the new city, the surveys shall be accurate, and the marking permanent.<sup>11</sup>

It would be the lack of such accuracy in the nineteenth-century surveys of the Canberra region that continually undermined the work of the Federation border surveyors, but more of that shortly. Surveyor Broadhurst, when delivering a paper of technical quality concerned with the laying out of the Commonwealth capital and emphasising the importance of issues such as sanitation, street width and intersection design, reflected the spirit of the gathering. He concluded by expressing his desire to see the Congress' collective efforts 'bear fruit in the improvement of the new city, to which we all hope to be able to point with pride as the outcome of Australian intelligence, aided by the experience of all ages'.<sup>12</sup>

In the exhibition which I recently curated (which had the same title as this lecture, was hung in the Presiding Officers' Gallery, Parliament House, and ran from 17 December 2010 to 15 March 2011), a copy of the rare Congress *Proceedings* was on display—along with Charles Coulter's iconic watercolour of an imagined Lake George capital city looking like an Australian Venice. The Melbourne Congress *Proceedings* booklet included a black-and-white reproduction of Coulter's 'ideal city'.

It is testament to the impact of the 1901 Congress that, within a week of the *Seat of Government Act 1908* being written into law, the Minister for Home Affairs in the Fisher Labor government, Hugh Mahon, issued a set of visionary instructions to 'District Surveyor Charles Scrivener'. The capital city to come would start with the contribution of the surveyors. We will never know who wrote those instructions, but we do have a pretty fair idea of what the writer had been reading. Channelling the 1901 Congress, Minister Mahon challenged his District Surveyor with a set of memorable words:

The surveyor will bear in mind that the federal capital should be a beautiful city, occupying a commanding position, with extensive views, and embracing distinctive features which will lend themselves to the

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<sup>11</sup> R. Henson Broadhurst, 'Suggestions concerning the laying out of the Commonwealth capital', *Proceedings of the Congress of Engineers, Architects, Surveyors, and Others Interested in the Building of the Federal Capital of Australia*, op. cit., p. 14.

<sup>12</sup> *ibid.*, p. 17.

evolution of a design worthy of the object, not only for the present, but for all time ...<sup>13</sup>

While Mahon would soon drop out of our narrative, the recipient of his instructions, Charley Scrivener, was destined to fulfil a noble role—in the seven or so years following 1908, arguably the leading role on our national capital stage.

Charles Robert Scrivener was born in 1855 in modest circumstances in Canterbury, Sydney. At age 21, he was appointed by the NSW Colonial Secretary as a cadet in the Trigonometrical Branch of the NSW Surveyor-General's office. Made a staff surveyor in 1901, Scrivener impressed his peers with an extraordinary work ethic, a passion for field work (the more rugged the terrain, the better), and meticulous attention to detail. These qualities were recognised, both in the NSW Government and by those in the emergent Commonwealth Public Service, who required a level of surveying expertise commensurate with the national scale of the tasks ahead.

When Prime Minister Deakin adopted a proactive stance on the capital site issue in the first months of 1904, it was to Scrivener and his surveyor colleague, A.H. Chesterman, that he turned to investigate capital site options in the southern alps and surrounding districts. Chesterman inspected 10 sites around Tumut (a couple of which, incidentally, were magnificently represented in large Monte Luke photographs in the exhibition). Scrivener, on the other hand, looked at a range of sites in the Southern Monaro, among them the town of Dalgety.<sup>14</sup>

During a parliamentary recess, Scrivener, District Surveyor Scrivener, was joined by the prime minister, who was keen to have a closer look at Bombala and Dalgety. Shortly after, Scrivener entertained two more VIPs: the former long-time premier of Western Australia, renowned explorer and federal government minister John, later Sir John, Forrest (whose Historic Memorials Committee portrait was in the exhibition), and former Boer War staff officer and Inspector-General of Works in the Home Affairs Department, Percy Owen.

Scrivener had begun rubbing shoulders, and sharing fires, with the nation's leadership. He made a deep impression on them at the time, and they wouldn't forget it. When the time came to survey in more detail the selected Yass–Canberra site, at the beginning of 1909, it was to Scrivener that the governing Labor Party looked. Deakin, Forrest and Owen so loudly sang his praises as the only possible choice that

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<sup>13</sup> Quoted in David Headon, *The Symbolic Role of the National Capital: From Colonial Argument to 21st Century Ideals*. Canberra, National Capital Authority, 2003, p. 36.

<sup>14</sup> Pegrum, *op. cit.*, p. 108.

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Fisher opted for him despite the advocacy coming from the other side of the political divide.

Many years later, coinciding with the opening of the provisional Parliament House in May 1927, Colonel Percy Owen OBE discussed the roots of the Canberra story in a delightful memoir for the *Sydney Morning Herald*. He recalled with fondness the 1904 excursion in which he participated, the delegation traversing the Victorian countryside, and then working its way through Croajingolong, Delegate, Bombala, Buckley's Crossing (the old name for Dalgety), Kiandra, Yarrangobilly Caves, Gadara and Tumbarumba. Owen vividly remembered the campfire chats, 'full of anecdote, poetry and reminiscences', as he put it. For Owen, Charley Scrivener excelled:

... a man ... eminent in his profession, and with a thorough knowledge of the region selected by the Parliament. I met him in Melbourne, and travelled in his buggy with a pair of horses ... Scrivener ... had a strong personality. He was frugal, indomitable, a martinet, but withal genial and lovable.<sup>15</sup>

This is about as complete and insightful a summary of the man as we get from any source. For his part, the experience Scrivener personally gained in 1904 as he imposed his formidable character on men of considerable ability and genuine political clout, would serve him well when the succession of federal delegations to Canberra began in earnest in the first months of 1909, continuing right up to his retirement in 1915.

Acting quickly on Mahon's detailed set of instructions for the capital, in the first weeks of 1909 and with characteristic efficiency, Scrivener produced a preliminary report on the Yass–Canberra site by 25 February. He remained 'lukewarm' about the extended site as a whole but, as he wrote, he 'regarded the Canberra site as the best that can be obtained ... being prominently situated and yet sheltered, while facilities are afforded for storing water for ornamental purposes at a reasonable cost'.<sup>16</sup> A capital in Canberra, he wrote, 'would probably lie in an amphitheatre of hills with an outlook towards the north and north-east ...'

When establishing the first surveyors' camp in Canberra, in February 1909, Scrivener did so in consultation with Minister Mahon and Colonel David Miller. Miller, like Owen, served in the Boer War, as an officer with the Imperial Bushmen's contingent. He was appointed as the first secretary of the Commonwealth Department of Home

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<sup>15</sup> Percy Owen, 'Stories of field work: trials of survey officers', *Sydney Morning Herald*, 9 May 1927, p. 6.

Affairs in November 1901, and would remain in that position for over a decade, until he was appointed as the first administrator of the new Federal Capital Territory in late 1912. Miller was an intimidating government bureaucrat and an uncompromising adversary. Surveyor Arthur Percival, about whom we are about to hear more, remembered Miller in two words: ‘gruff and frightening’.<sup>17</sup> This seems to have been the common consensus.

Scrivener, Mahon and Miller chose the first surveyor camp on Kurrajong Hill (now Capital Hill) on 2 March 1909. A matter of days later, the Federal City ‘Members’ Camp’ was established nearby as a base for the first visiting delegation of federal politicians. Boer War veteran Colonel Miller, it appears, ran the camp with rigid discipline, one of the seventeen participating parliamentarians, NSW MHR Jimmy Catts, laconically observing at the time that ‘if there is one special feature about the camp, it is its strictly business appearance and military setting’.<sup>18</sup> The camp was fortunately recreated for us in a series of postcard photographs by the Yass printing firm of Howard and Shearsby, all of which were reproduced in the exhibition.

If the politicians were whipped into line by the frightening Miller, they could at least gain some pleasure from the meals produced by their imported parliamentary chef. Life was not nearly as amenable for Scrivener’s mob. They, like their leader, worked sixteen hours a day, every day, for two solid months to assist in the production of what is usually referred to as Scrivener’s *Second Report*, dated 22 May 1909. It is hardly surprising that a board appointed by Minister Mahon in March 1909 fully endorsed the controversial report because the board of mates comprised Colonel Miller, Lieutenant Colonel Owen (by then the Director-General of Public Works), Colonel Walter Liberty Vernon, the NSW Government Architect and yet another Boer War veteran, and Scrivener himself.<sup>19</sup> Conflict of interest protocols, it seems, were not a priority in the first years of the Commonwealth Public Service. Scrivener had a veritable army of supporters for his work. A clique of colonels.

It is clear from Scrivener’s correspondence that the issue of water storage always loomed largest for him. In the *Second Report* he rejected the water flow estimates for the Cotter River supplied by the authoritative voice of NSW Chief Engineer for

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<sup>16</sup> Quoted in Greg Murphy, ‘Prelude to the planning of Canberra’, *Canberra Historical Journal*, New series no. 21, March 1988, p. 15.

<sup>17</sup> Arthur Percival, ‘Canberra’s foundations, 1911–1916’, reproduced in *Canberra and District Historical Society Newsletter*, no. 426, December 2009/January 2010, p. 7.

<sup>18</sup> Quoted in ‘Scrivener and his 1909 survey’, *Canberra and District Historical Society Newsletter*, no. 422, April/May 2009, p. 11.

<sup>19</sup> ‘Report of Advisory Board, submitting views and recommendations’, in *Federal Capital Site* (correspondence and reports), Legislative Assembly, New South Wales, 14 July 1909, no. 38, pp. 27–9.

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Harbours and Water Supply, E.M. De Burgh.<sup>20</sup> A robust correspondence resulted between the NSW and Commonwealth governments, as bureaucrats from both sides poured over the water catchment statistics of the Canberra site in minute detail. This exchange is given an extra layer of complexity when you factor in that the federal government of Alfred Deakin took over from Fisher right in the middle of it, in May 1909; and a further layer of complexity when, despite the *Seat of Government Act 1908*, and despite the busy activity of Scrivener's team, throughout the second half of the same year the anti-Canberra lobby in the federal parliament, made up mostly of Victorian politicians sensing for the first time that the capital might actually leave their state, mischievously expanded their militant efforts to quash the Seat of Government Act.

In defiance of the chronic insularity of much parliamentary discussion, Prime Minister Deakin and his Home Affairs Minister, George Fuller, were committed to establishing the first infrastructure of the chosen capital site. Hence, on 6 December 1909, with the NSW land package having finally been gifted to the Commonwealth, Minister Fuller alerted his leader to a pressing practical issue: the need now to have 'territorial boundaries ... accurately determined on the ground'.<sup>21</sup> The acquisition of land in private hands, by the Commonwealth, must proceed in a dignified way. Both Fuller and Deakin refused to countenance anyone but Scrivener for the demanding job ahead. Certainty and precision were essential, for all parties.

Fuller appointed Scrivener as the first Director of Commonwealth Lands and Surveys. He immediately set about obtaining exactly the men he wanted, and he succeeded: quality individuals such as Percy Sheaffe, who started the border survey at Mount Coree in wintry June 1910, worked on it accompanied by his wife for the next three years under exacting conditions, and eventually became a Chief Surveyor; 'Happy' Harry Mouat, the man who rarely smiled, but who worked assiduously on the border survey from October 1913 to May 1915, and who would later become the Commonwealth Property Officer; 'Fast' Freddie Johnston, proud owner of one of the FCT's first cars (a Model T Ford), who surveyed the border for three months in 1915, and who eventually became the Commonwealth's fourth Surveyor-General; and Arthur Percival, who mostly worked on the technical aspects of the city's survey, and who was appointed to the role of Commonwealth Surveyor-General in 1929, serving for a lengthy fifteen years in that position.

On 8 January 1910 the Federal Capital Survey Camp was established on the site of the 1909 camp, Sheaffe and Percival joining Scrivener's team on 19 January. The sum of

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<sup>20</sup> *ibid.*, no. 17, pp. 5–6; no. 23, pp. 7–8; no. 30, pp. 14–16; no. 34, pp. 16–18; no. 35, pp. 19–23.

<sup>21</sup> Quoted in Matthew Higgins, *Surveyors at the Snowline: Surveying the ACT–NSW Border 1910–1915*. Canberra, National Trust of Australia, 1996, p. 19.

technical tasks confronting the relatively small group has been well summarised by Scrivener biographer Terry Birtles: ‘a triangulation survey of the territory; preparation of the close contour survey; demarcation of the territory boundary and water catchments ... ; engineering surveys for water supply, sewerage pipes, roads, the railway and bridges; confirmation of cadastral boundaries of privately owned land to be acquired; and pegging out land boundaries at Jervis Bay’.<sup>22</sup> Progress was swift. By the end of February, nearly 24 miles in the transverse of the survey was completed, 94 miles of contours had been defined, a meteorological station established and instruments installed to gauge creek flow and evaporation. In March, 17 tons of building material had arrived for construction of temporary premises.<sup>23</sup> The first wave of essential Commonwealth infrastructure was off to a flyer in the hands of a group united by common purpose and collectively devoted to the work in hand.

We have an excellent grasp of this Scrivener working camp courtesy of several sources: the classic photographs taken by Claude Vautin, the ‘Government Photographer’ as Scrivener called him, who so elegantly captured the men, their wives and partners, and the times, in a number of black-and-white photographs, posed and impromptu; the letters to his children of prolific letter writer and caring father Charley Scrivener, particularly to his daughter Ethel; the diaries of Arthur Percival, still in the possession of the family, and presently being transcribed by Percival’s grandson, Geoff Pryor, former *Canberra Times* cartoonist; and, of course, the plethora of government correspondence and Hansard transcripts readily available. Percy Owen would recall that the

camp in time became comfortable and was always a joy. The party was not big—Scrivener, his assistants, the cook and chainmen, and for a while a full-grown black snake under the floor of Scrivener’s tent. That snake did not survive long.<sup>24</sup>

The bush humour alive in the camp undoubtedly contributed to its smooth running and esprit de corps. There was a superb photo in the recent exhibition of two visiting senators to the camp, J.J. Long and Arthur Rae, hamming it up for the cameras as they mock shape up, Marquis of Queensbury-style, to demonstrate their conflicting views on the capital site’s merits.<sup>25</sup> Also on show was an enlarged copy of the front page of the then *Daily Telegraph* broadsheet, featuring an article entitled: ‘With the new

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<sup>22</sup> Quoted in Terry Birtles, ‘Charles Scrivener: the surveyor who sited Australia’s national capital (twice)’, unpublished manuscript, ADFA, January 2009, p. 91.

<sup>23</sup> Lyall Gillespie, *Canberra 1820–1913*. Canberra, AGPS Press, 1991, p. 268.

<sup>24</sup> Owen, op. cit., p. 6.

<sup>25</sup> Pegrum, op. cit., p. 144.

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senators at the Yass–Canberra Federal Capital Site’.<sup>26</sup> We learn that one delegation of senators embarked on a two-day tour of inspection of the Canberra site on 26 and 27 July 1910. The group included, as the Sydney paper put it, a few ‘Victorian malcontents’ determined still to sink the Canberra site if possible. The majority of those present, however, were in agreement with one of their fellow senators when he declared to an accompanying journalist that ‘to resurrect [the capital site] question [now] ... is nothing short of political body-snatching’.<sup>27</sup>

This same group had a comic mishap on the second day of its visit (covered in detail by the accompanying media) when NSW senator Allan McDougall, being rowed by the ever-vigilant Scrivener across a particularly frisky Cotter River, found himself, along with the experienced and wilderness-wise Commonwealth Director of Lands and Surveys, in, not on, the Cotter. Months later, when Senator McDougall presented his report of the Canberra visit to the Senate on 15 September, he admitted to being ‘greatly surprised at the roaring stream which I saw at the junction of the Cotter and the Murrumbidgee’, and then, more surprised, he found himself actually testing at firsthand ‘the quality of [said] water’.<sup>28</sup> The *Daily Telegraph* reporter noted in passing that Mr Scrivener ‘gave a fine example of a backward somersault into the water’ and that Senator McDougall, once he had arrived at the bank, and was swathed in a ‘huge rug ... provided a fine impersonation of a Maori chief’. The *Daily Telegraph* pictures that accompanied the article effectively captured the spirit of proceedings.

But it was not all smiles, humour and high jinks. Far from it. At many points in his diaries, Arthur Percival refers to ‘graft[ing] hard’. Mr Surveyor Percival enjoyed a punt on the horses, a smoke and a quiet, reflective whisky, but such modes of relaxation were thinly interspersed between exhausting, non-stop toil. In Percival’s case, for example, we know that a standard day was 7.30 am to 6.15 pm, 8 pm to 11.00 pm, every day. This was devotion above and beyond.

On the border, Sheaffe worked just as hard, in even more exacting terrain. ‘In places’, he later wrote, ‘the country encountered was so rough that the party carrying out the survey had to crawl on all fours, measure over precipices, and descend in one mile about 1550 feet’.<sup>29</sup> Two of Sheaffe’s original field books that were on display in the exhibition confirm the validity of this memory virtually down to the last inch. And yet

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<sup>26</sup> ‘With the new senators at the Yass–Canberra Federal Capital Site’, *Daily Telegraph*, 30 July 1910, p. 15.

<sup>27</sup> Quoted in Derek Drinkwater, ‘How McDougall reached the shore: the Senate and the Federal Capital Site 1901–1910’, *Canberra Historical Journal*, New series no. 42, September 1998, pp. 32–3.

<sup>28</sup> *ibid.*, pp. 33–4; *Daily Telegraph*, 28 July 1910, p. 7; ‘With the new senators’, *Daily Telegraph*, *op. cit.*, p. 15.

<sup>29</sup> P.L. Sheaffe, ‘Founding the city: selection and design’, *Sydney Morning Herald* [Canberra Supplement], 9 May 1927.



this did not stop Sheaffe reminiscing in later age that the national capital chapter of his life was his most treasured, and certainly his most significant achievement. In his article on Canberra, entitled 'Selection and Design', that appeared in a *Sydney Morning Herald* supplement to mark the opening of the provisional Parliament in 1927, Sheaffe probably voiced the sentiments of all his surveyor colleagues who worked on the national capital in the first years when he wrote sagely:

As the home reflects the occupier, so Canberra should reflect the Australian people. Its growth is our responsibility. Great as the responsibility is, let us resolve with grit and determination that the best traditions of our race should be upheld.<sup>30</sup>

Sentiments such as these relentlessly drove a generation of professional men in the 'nation-building' years in Canberra prior to the Great War, not only the surveyors, but also those with whom they regularly engaged on big national projects. Griffith Taylor was one. Internationally recognised geographer, celebrated Antarctic explorer, protégé of the legendary Professor T.W. Edgeworth David, mate of the even more legendary Douglas Mawson and brilliant if eccentric physiographic surveyor of the FCT, Thomas Griffith Taylor had a lifelong interest in his nation's capital city. He took to heart the life lessons inculcated by his mentor, Professor David: namely, saturate yourself with as much learning and specialist training as you can get, and put those skills, when ready, to work for the nation.<sup>31</sup> So when the call went out from Melbourne in the first years of the new century for physiographic surveyors to study the meteorological and physiographical qualities of the competing capital sites, Taylor's hand was first in the air. He wrote his first scholarly article on Canberra in 1907, and followed this up with expert analyses of Canberra's geography in 1910 and 1914.<sup>32</sup>

Taylor's work had seamless connections with the brand new Commonwealth Bureau of Meteorology. Throughout 1906, the House of Representatives in particular featured a series of high-quality debates on meteorology and weather. Andrew Fisher, Joseph Cook, John Forrest and James Hiers McColl were just a few of the parliamentarians who took an intense interest in the subject and its application to a future capital, ahead

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<sup>30</sup> *ibid.*

<sup>31</sup> Carolyn Strange and Alison Bashford, *Griffith Taylor: Visionary Environmentalist Explorer*. Canberra, National Library of Australia, 2008, pp. 24, 115; Thomas Griffith Taylor, *Journeyman Taylor: The Education of a Scientist*. London, Robert Hale Ltd, 1958.

<sup>32</sup> Thomas Griffith Taylor, 'The physiography of the proposed federal territory at Canberra', *Bulletin* (Commonwealth Bureau of Meteorology, Melbourne), no. 6, pp. 7–13; Thomas Griffith Taylor, 'The evolution of a capital: a physiographic study of the foundation of Canberra, Australia', *Geographical Journal*, vol. 43, no. 5, May 1914, pp. 536–50.

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of the formation of the bureau.<sup>33</sup> This interest was the catalyst for the appointment of Henry Ambrose Hunt on 1 January 1907 as the first Commonwealth Meteorologist. Griffith Taylor and E.T. Quayle would, a few years later, collaborate with Hunt to produce a landmark volume in 1913, *The Climate and Weather of Australia*, the first Australian textbook on what one contemporary South Australian newspaper lyrically described as ‘the romance of the upper air’.<sup>34</sup>

Hunt, Taylor and Scrivener saw a great deal of Pietro Baracchi in Canberra during the pre-war years because Baracchi, the Victorian Government Astronomer, was called in to manage the siting and erection of the James Oddie Telescope at Mount Stromlo. Baracchi and Scrivener chose the location in March 1911, and by September the road to Stromlo was completed and the telescope in place—enabling ‘the meridian to which all surveys would be referred to be determined’, courtesy of a fixed point on the summit.<sup>35</sup> King O’Malley (a serial dreamer of ambitious dreams, the Minister for Home Affairs in the Fisher Government from 1910 to 1913, a man bent on making Canberra, as he creatively put it, ‘hum’) was one step closer to achieving his national infrastructure goal of putting ‘the Astronomical, Meteorological, and Solar-Physical Observatories ... in one single compound’ in the nation’s capital.<sup>36</sup> While it would not happen, such a futuristic concept was typical of the times.

When Charles Scrivener retired as the first Commonwealth Director of Lands and Surveys in 1915, the entire surveying and professional fraternity in Canberra turned out to bid him farewell. Actually, there were apparently a number of Melba-like farewells. Three Claude Vautin photos in the exhibition captured the mood of celebration and due recognition. On 28 May of the same year, ‘Happy’ Harry Mouat and ‘Fast’ Freddie Johnston met at Mouat’s R87 corner mark in the deep south of the FCT to finally complete the five-year survey.<sup>37</sup> It was the end of an era. Just seven weeks earlier, the diggers of the 1st AIF ran up the steep cliffs of the Gallipoli Peninsula, headlong into Turkish soldiers fighting for life and country. Australia would be forever changed as a result.

Fred Johnston, by then a retired Commonwealth Surveyor-General, wrote a book published in the early 1960s called *Knights and Theodolites*, an account of his family’s surveying dynasty in Western Australia. It’s a pretty dour read, but the

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<sup>33</sup> House of Representatives debates, 1 June 1906, p. 2136; Senate debates, 20 June 1906, pp. 422–3, 435; Senate debates, 21 June 1906, p. 535.

<sup>34</sup> ‘Romance of the air’, *Advertiser* (Adelaide), 11 July 1914, p. 21.

<sup>35</sup> C.S. Daley, ‘The growth of a city’, in White (ed.), op. cit., p. 33.

<sup>36</sup> House of Representatives debates, 9 August 1910, p. 1282; see ‘Meteorology and climatology’ section in *Canberra: Capital City of the Commonwealth of Australia*. Melbourne, Commonwealth of Australia, 1913, p. 111.

<sup>37</sup> See Matthew Higgins, *Rugged Beyond Imagination: Stories From an Australian Mountain Region*. Canberra, National Museum of Australia Press, 2009, pp. 119–22.

foreword catches our attention, where a surveying colleague of Johnston's, Robert Fitzgerald, writes wistfully:

We of the Surveying Fraternity are conscious of a long history behind us, of which, however, most of us know next to nothing ... no-one outside our little freemasonry will ever really understand ...<sup>38</sup>

In the recent exhibition in the nation's parliament, the 'little freemasonry' finally got a richly deserved centenary hour or two in the sun. Charley Scrivener and the many prodigiously talented men that he hired left an indelible mark on the city of Canberra, and the Australian Capital Territory which enfolds it.



**Question** — This is not a question, it's a bit of trivia. Scrivener was in favour of the name Canberra for the capital city. However, he had great doubts that it would get up and he actually bet his horse that it wouldn't and he lost.

**David Headon** — Thomas Griffith Taylor tried in his diaries to take credit for pushing the name Canberra and getting it up. But that was absolutely true, Scrivener did lose the bet, as he records himself.

**Question** — The United States has had a great influence on the development of Australia as a federation. They have a Senate and we have a Senate here. I had thought that when we considered a national capital here in Australia it was to be the same size as that of Washington DC. Was that right or was that just a rumour?

**David Headon** — Pretty much it was right. Certainly that was the thinking in the later 1890s and at the turn of the century. There were many politicians who wanted a minimalist model. King O'Malley, whom everyone thought was an eccentric character, had quite a history in the national capital story. At first he didn't believe in the site, but he became a great believer. He called Canberra a 'new Eden'— a typical O'Malley phrase—and he moved a House of Representatives motion in July 1901 calling for a thousand square miles of land for the federal territory.

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<sup>38</sup> Robert D. Fitzgerald, Foreword, in F.M. Johnston, *Knights and Theodolites: A Saga of Surveyors*. Sydney, Edwards & Shaw, 1962, p. 7.

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In O'Malley's case—because he'd had a rather chequered career in the United States before he arrived in Australia and some of it was in real estate—he was very conscious of the fact that unless you got a large national capital area, and unless it was leasehold land, then the land sharks and the developers would take over. It wasn't solely O'Malley but he was the person who moved the motion. Scrivener too in his *Second Report* would say that he wanted something in the range of a thousand square miles.

**Question** — Just a question about Surveyors Hill. Why that particular hill and what can you tell us?

**David Headon** — I don't think that there is any overwhelming case in connection with my surveyors' story for the naming of Surveyors Hill a century ago. It certainly wasn't named in the Federation period.

**Question** — Just two points on the size of the city. The research that I did on water catchments clearly indicated that Scrivener saw the territory as having to make two water catchments, but it was confounded by New South Wales not wanting to give up Queanbeyan. I think it's important to look at the ongoing issues that we've had with water quality for Canberra and the Murrumbidgee because the catchment in New South Wales is not protected like the ACT. The second thing I wanted to comment on is that the size of the city relates to the competition in 1911, where there is a clause that states that it was anticipated that this city would grow as the nation grew so there would be that proportional sized growth. I think it's really useful for surveyors to think about what is the boundary of the Canberra city versus the boundary of our territory.

**David Headon** — There's been a bit of lively exchange on that very subject in the newspapers in recent weeks. You might have seen in the paper that there are two nominations of Canberra to be national heritage listed, possibly in 2013. A process has begun. There will almost certainly be a recommendation to the minister towards the end of 2012. It remains to be seen what that decision will be.

**Question** — Just in relation to heritage listing. Why is Parliament House not heritage listed and do you think it should be?

**David Headon** — I think it's only a matter of time before Parliament House is heritage listed. I referred to it earlier in this talk as a magnificent building. I don't think it has been appreciated as it should be by the Australian populace. At present, there are only two world heritage listed buildings in Australia: Sydney's Opera House

and the Royal Exhibition Building in Melbourne, which was purpose-built for the international exposition in 1880.

I think it's only a matter of time until Aldo Giurgola's Parliament House is added to this minimalist list.



## **How Healthy is Australian Federalism?\***

Geoff Gallop

In today's lecture I will summarise the various issues we take up in examining Australian federalism, look at the politics of the federal idea throughout Australian history, noting how the Commonwealth has been the consistent winner, state my own position that federalism is a good idea whose benefits are clearly established by the evidence, look to how the states have tried to rescue their position in recent years through the embrace of the National Reform Agenda and co-operative federalism, provide an overview of the tensions that remain in the system established by the Rudd/Gillard Government, make a case for addressing vertical fiscal imbalance (VFI) through income tax sharing, and conclude, despairingly, that this is unlikely, leaving Australia, at its best, with a second best system.

There are so many issues related to a discussion of Australian federalism it's hard to know where to begin. In saying this I'm always reminded of the story told by Gary Sturgess about a United Nations committee commissioning international studies on the elephant:

There were a variety of contributions. Each nation giving its own unique insights and expertise. Germany submitted a paper on the training and discipline of elephants. France questioned the existence of elephants. United Kingdom submitted a paper on the role of the elephant in colonial expansion. There were two papers from the US, one from the east coast ('Taking over elephants—economies of scale and synergetic benefits') and one from the west coast ('The joy of elephants'). And Australia submitted a paper, 'Elephants—Federal or State responsibility'.<sup>1</sup>

Indeed when discussing federalism in Australia this issue of Commonwealth and state roles and responsibilities usually comes first. What does the Constitution say and how has that changed over the years either through referenda or interpretation by the High Court? In recent years the notion that we have a Convention to consider roles and responsibilities has been mooted but not realised in practice.

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\* This paper was presented as a lecture in the Senate Occasional Lecture Series at Parliament House, Canberra, on 25 February 2011.

<sup>1</sup> Gary Sturgess, 'The progress towards Commonwealth/state rationalisation', *Royal Australian Institute of Public Administration National Newsletter*, vol. 1, no.2, June 1991, p. 12.

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Linked to such a discussion is the question of intergovernmental relations and how they are managed, including in relation to overseas treaties and trade agreements. Under this heading is an assessment of the role and functioning of the range of institutions set up to facilitate co-operation between the levels of government, most importantly, but not only, the Council of Australian Governments (COAG).

Thirdly there is the matter of Commonwealth–state financial relations and the taxing powers of each level of government. In Australia this takes debate into the territory of vertical fiscal imbalance, the situation where the revenue-raising powers and expenditure responsibilities of each level of government are mismatched. A distinguishing feature of our federation is the very high level of VFI, with the Commonwealth in the dominant position.

Fourthly there has been substantial analysis of the governmental institutions that reflect the commitment to federalism, most notably the High Court, the Senate and of course the states themselves. Contrasting the way the constitutionally protected states and the federally constituted territories operate assists us in understanding the difference between a federal system and a unitary one with regions.

Inevitably any discussion of proposals for significant change, such as the republic or a bill or charter of rights, is caught up in an argument about these institutions, most particularly the states.

Fifthly we examine how each of these issues come together to create an Australian model. Is it a case of ‘managerial’ federalism, ‘intelligent’ federalism, ‘opportunistic’ federalism or ‘co-operative’ federalism? On the other hand some say we should recognise it for what it is, a case of ‘creeping centralism’.

In discussing this issue there is usually a prescriptive as well as a descriptive element, in particular analysis of the public policy implications of different ways to distribute powers, raise taxes, co-operate in matters of mutual concern and manage differences when there is disagreement.

It is at this point that ideology enters the equation. Federalism is a subject about which politicians and commentators have a view—for or against, change or no change? Such views aren’t necessarily evidence-based but are often a mixture of pride and prejudice. In other words is the advocate speaking from Canberra or from the states? Is the advocate a state or federal politician? Is the advocate a state or Commonwealth public servant? We all have pride in what we do and the institutions we serve and this can blind us to the bigger picture.



This leads me to a sixth and final way in which the issue can be analysed. What is the politics of federalism in Australia? Who are the participants in the debate? What power and influence do they have in determining outcomes? How do they mobilise and shape opinion? What is the attitude of the public to these matters—do they care who delivers services or is it just a case of the outcomes? As John Howard put it in a speech on 20 August 2007:

So much of the debate about Commonwealth—State relations concerns the respective roles of the two levels of government, as if an appropriate balance between the two were an end in itself. To me, that misses the point. We should be neither centralists, nor slavish adherents to states rights. We should be focused on outcomes, not systems.<sup>2</sup>

These matters are important for reformers because they help in determining what may or may not be possible by way of change. At any time there are forces working either for change or against change. They win or lose not just on the basis of their political strength and argument but also on how politics plays out in the circumstances that prevail. For example Labor's proposals to build a co-operative federalism put to the people at the 2007 election may not have been so well received if John Howard's authority had not been so badly dented by complacency on climate change and aggressiveness on industrial relations.

When looking at the politics of Australian federalism from the vantage point of twentieth-century history it is clear that the Commonwealth rather than the states has been the winner. Not only is it the case that a mixture of wartime necessity and constitutional interpretation have pushed the balance of power in the direction of the Commonwealth, there has always been an ideological current favouring centralisation as better for economic planning, economic efficiency and good public policy. Not surprisingly such a view has strong roots in Canberra and has often been associated with the assumed requirements of national sovereignty in a competitive world.

In earlier times it was also linked with a democratic socialist view that the will of the majority should prevail when confronted with the checks and balances we associate with liberalism, such as upper houses and the High Court or with conservatism, such as a propertied franchise or malapportionment. In this mix federalism was seen as an enemy of the creation of a united nation with one set of laws applying to all, noting of course that it took some time before 'all' actually meant that and not just the white population.

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<sup>2</sup> John Howard, Address to the Millennium Forum, Four Seasons Hotel, Sydney, 20 August 2007, <http://pandora.nla.gov.au/pan/10052/20070823-1732/www.pm.gov.au/media/Speech/2007/Speech24507.html>.

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In more recent times it has been linked to a conservative view that uniformity is better for business and our more mobile population. So too is centralisation seen as better to protect our geographical and cultural borders against minorities intent on undermining traditional Australian values with their postmodern curricula and libertarian attitudes.

Whilst this development of the right-wing side of Australian politics has opened up space for Labor to embrace federalism there remains a strong residue of centralism within the federal caucus. This is partly a case of position (that is to say being in the Commonwealth Parliament) but also of ideology (that is to say being committed to a 'streamlined' system of regulation for the nation).

On how state Labor has responded to this new institution I will have something to say later in my lecture.

The first point I wish to make today, then, is that there has always been a heavily values-based opposition to the federal principle within Australian politics, firstly from the left and more recently from the right. Taking turns they have lined up with the federal bureaucracy to seek more power for the Commonwealth. This mixture of ideology and brute power, particularly over finance, has proved very effective in outflanking and when necessary overriding the states and territories. Both Labor and Liberal governments at the Commonwealth level have been involved in this power shift.

It was the Commonwealth seeking power to exclude state-based conciliation and arbitration and consolidate Work Choices that precipitated the challenge by New South Wales and the other states in the High Court. This resulted in a very expansive definition of the corporations power in s.51(xx) of the Constitution .

Try as they might the states were unable to convince the court that there were clear limits to the exercise of this power. Only Kirby and Callinan JJ pointed to the need to read the Constitution as a whole and to be mindful of preserving a balance between the two levels of government. One would have thought that this was the intention of those who framed the Constitution but, as has so often been the case, each head of power in the Constitution has been accorded full scope on the basis of its language rather than any theory of 'balanced government'.

The Commonwealth knows, then, that it can push the boundaries in its law-making functions. Whatever the political colouring of the Commonwealth government of the day it is being tempted to do this and urged to do it by a public service proud of its status and openly contemptuous of the 'lower' levels of government. Usually it starts

out as an aspiration for a ‘national’ solution involving all levels of government but more often than not finishes up as a Commonwealth-controlled program.

Having said this now let me draw your attention to the recently published analysis of Australian federalism by Anne Twomey and Glenn Withers, *Australia’s Federal Future*.<sup>3</sup> In a methodical and empirical way they demonstrate the economic, social and political benefits of a federal system of government. Of the debates about federalism in Australia they have this to say in their covering letter to the Council of the Australian Federation:

It became apparent to us in writing this report that Australian attitudes towards federalism are out of step with those in the rest of the world. In Australia, it is often asserted that federalism is an old fashioned, cumbersome and inefficient system. Yet internationally, federalism is regarded as a modern, flexible and efficient structure that is ideal for meeting the needs of local communities while responding to the pressures of globalisation. The difference between these two views is stark.

In this report we have used political, legal and economic analysis and international comparisons to highlight that, far from being a burden, Australia’s federal system provides us with many economic and social benefits. For example, federalism:

- divides and limits power, protecting the individual;
- gives Australians a wider range of choices and allows policies and services to be tailored to meet the needs of communities; and
- spurs all Australian governments to be more innovative and responsive.

Compared to centralised, unitary governments, federal nations such as Australia have:

- more efficient governments; and
- higher rates of economic growth and higher per capita GDP.

These benefits deliver significant economic and social advantages to all Australians. However, increasing centralisation in Australia threatens these benefits.

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<sup>3</sup> A. Twomey and G. Withers, *Australia’s Federal Future: Delivering Growth and Prosperity*, 2007, [www.dpc.vic.gov.au/](http://www.dpc.vic.gov.au/).

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The truth about government is that no one level can be expected to get it right all the time. There are good and bad Commonwealth governments, good and bad state and territory governments and good and bad local governments.

Somehow or other a range of commentators seem to think that increasing the power of the Commonwealth will automatically mean a lesser involvement of vested interests in decision-making. Unfortunately, however, it is not the case that rationality resides in a particular level of government. All levels of government are subject to political pressure on issues like economic and environmental reform. This is clearly demonstrated in the debate currently going on within the Commonwealth over the meaning of the words in the Murray–Darling legislation.

In recent times we have seen failures in public administration, some very serious, in all levels of government. At the same time we have seen innovation and reform, some coming from above and some from below. Much of this has come from state governments. In a recently published speech Helen Silver, Secretary of the Department of Premier and Cabinet in Victoria has listed the following examples:

- case-mix funding for public hospitals (Victoria)
- state-based greenhouse gas certification and abatement (NSW)
- early anti-discrimination legislation (SA)
- health care call centres (WA)

About such innovation she notes:

There are tremendous benefits to be gained from vigorous policy competition between the states and territories, as proven strategies in one jurisdiction are taken up in others.<sup>4</sup>

More controversial, and not yet universalised, are the charters of rights in the ACT and Victoria and the Medically Supervised Injecting Centre in NSW. They sit in contrast to the euthanasia legislation in the Northern Territory and the civil partnerships legislation in the Australian Capital Territory. These were territories whose work could be easily overturned by the Commonwealth.

This leads me to my second point for the day. Even though the position of the states has weakened constitutionally and financially they still play an important role in Australian politics. They provide important services and advocate for the communities

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<sup>4</sup> Helen Silver, 'Getting the best out of federalism—the role of the Productivity Commission and the limits of national approaches', *Australian Journal of Public Administration*, vol. 69, no. 3, September 2010, p. 327.

within their boundaries and, however limited it may be, they still have important tax-raising powers. They are facilitators of development within a national and global context. Note, too, that they allow for displays of difference, perhaps best illustrated by the absence of poker machines in hotels and clubs throughout Western Australia.

We still have a complex system of power relations unlike those that apply in a unitary system. A very good illustration of this complexity comes from the National Reform Agenda, for which a good deal of the political and intellectual work was done by Victoria during the premiership of Steve Bracks, backed up as he was then by Terry Moran, head of Premier and Cabinet.

In many ways we could see this proposal as a pragmatic but principled response by the states to the depressing reality of ‘creeping centralism’. I say pragmatic because there was a recognition that vertical fiscal imbalance was a nut too hard to crack. It was to be a partnership approach to governance and financing directed to promoting competition and participation in the interests of productivity.

In proposing this approach Victoria had drawn on the experience of the National Competition Policy of the 1990s. This had seen the Commonwealth and the states agree on the changes required to improve productivity. However, each state was left free to determine the rate and range of change. Should their performance be assessed as acceptable by the National Competition Council they would receive payments from the Commonwealth. This mixture of national purpose, state delivery and Commonwealth incentives produced significant reform.

As Australia entered the new century it had become clear that the economic challenge was also a social challenge, particularly in health, education and social welfare generally. A healthier, more skilled and better motivated population was needed to bring about further productivity improvement. Given that both Commonwealth and state governments had responsibilities in these areas it was clear that a new partnership would be required.

About the new financial and operational arrangements which have emerged from the Council of Australian Governments to facilitate this partnership let me say a member of things.

Firstly, that the ‘model’ is very coherent in construction and intellectually sound in conception. Outcomes are distinguished from outputs, roles and responsibilities are to be agreed, performance indicators and benchmarks set to judge performance and the COAG Reform Council (CRC) created to monitor and assess that performance. At the heart of this model is the idea that agreement over objectives doesn’t have to mean

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uniformity over the means to achieve them. Indeed the whole idea of the program was to move away from the input controlled Special Purpose Payments to a system that allowed for local flexibility. What mattered was whether the outcomes were being achieved not how that was to be done. From this emerged the new national agreements in education, skills and workforce development, health care, disability services, affordable housing and Indigenous reform.

The states loved it—guaranteed revenue, devolution of responsibility and transparency to drive performance by way of the public reporting of results across the nation. Added to this was a new system of National Partnership Payments (NPPs) to facilitate or reward reforms of national importance.

This leads to my second observation about the system that has emerged following the election of 2007. The NPPs are paid to the states to deliver discrete projects or outputs. They are to have a limited time horizon and in respect of reward payments they are only to be paid following a favourable assessment of performance by the CRC. In relation to facilitation payments they are only paid if certain things are done, deemed to be reforms of national significance.

There are a massive number of such partnership agreements, ranging from preventative health to early childhood education, to homelessness and productivity places. Also in the mix is the NPP to deliver a seamless national economy which builds on the competition agenda of the 1990s. It contains 36 streams of regulation and competition reform.

In assessing what all this means for Australian federalism we need to go below the surface and look at the real dynamics at play. Despite an aspiration to see a change in the culture of inter-governmental relations, required to make this co-operative system work, the players at both levels are reverting to type. For its part the Commonwealth is finding it hard to accept the notion of federal balance and the diversity it brings and the states can't resist the temptation to take the money at any cost, despite misgivings about what is being required when it is spent. Once again highly restrictive requirements and controls are emerging in relation to the NPPs.

Even in the health and education agreements the Commonwealth has moved beyond an outcome agenda to an output agenda with its push for hospital networks and a national curriculum. The very distinction between national agreements on outcomes and local delivery of outputs is being whittled away in the name of 'implementation'.

The concept of subsidiarity which requires decisions to be handled by the least centralised authority and not handed up to a higher level unless the task cannot be

properly undertaken from below, such as the defence of the nation, is as alien to the Commonwealth as socialism has become for the Labor Party. Nor is it necessarily understood by the states and if understood, often breached in dealings with localities and sacrificed in the search for money from the Commonwealth.

We saw how some of these stresses and strains are playing out in the recent revision of the health agreement. Only deft footwork by Julia Gillard rescued the package. Note, however, that it is still an agreement which is yet to be finalised and there is sure to be more conflict over the detail.

However, what the health issue demonstrated was the potential that still exists for the states to push their agenda, should they so decide. They do have power in the system. The federal Labor government couldn't afford continuing conflict with the states, particularly over the future of the GST.

Whilst it is clear, then, that co-operative federalism along the lines developed in recent years is the best way forward for the states it remains doubtful whether it can be fully institutionalised in a way that protects their long-term interests and autonomy. Attitudes and values within the Commonwealth may have moderated but it is hard to see that they have fundamentally changed. Unless they do co-operative federalism will be a good idea that didn't realise its potential to renew federalism in Australia.

The reality here is that VFI continues to exert its influence. Resources mean power, power leads to temptation and more often than not temptation leads to coercion and control. The only known remedy to this illness comes from checks and balances and a more equal distribution of resources. Is this possible in Australia today?

As I noted earlier the states still have power and influence, even if limited and declining compared to other nations. They do provide a check and important balance to the system. The model of co-operative federalism could work if a genuine effort at addressing VFI was added to the equation and tax-raising powers more evenly spread.

The distribution of the GST to the states and territories was never going to be a successful resolution of this matter. In the first place it is a Commonwealth tax and as we saw last year the temptation to claw some of the money back from the states is strong. In the second place it replaced a range of state taxes which were not as efficient or growth sensitive but nevertheless they did raise revenue for state governments.

The only lasting solution to this state of affairs would be to allow the states back into the field of income tax. For this to occur the Commonwealth would need to cut

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income taxes across the board, thus making room for the states to apply their own rate. The tax would still be administered and collected by the Commonwealth.

Should such an issue be put on the table it would require a further examination of Commonwealth and state roles and responsibilities. Note also that it would open up a discussion of further tax reform and simplification at the state level, something the business community have been advocating for some time.

In saying all of this, however, I am reminded of what I concluded earlier in the lecture about the politics of federalism. Why would the Commonwealth agree to such changes and give up power in the process? For this to happen they would need to be convinced that it is a good thing. Even if some on both sides of politics in Canberra saw that it was they would meet strong opposition from colleagues. Remember the headline for an article by Mike Skeketee in the *Sydney Morning Herald* on Saturday 16 November 1991: 'Keating Wrecks Chances of a Saner Federation'. He was referring to Paul Keating's scuttling of the then attempts by Australian governments to better fit taxing and spending powers throughout the levels of government. He did this by campaigning on behalf of Commonwealth power within the Labor Caucus. It would be safe to assume similar conflict would occur today if a prime minister advocated radical change that returned financial power to the states.

For their part the states could—and should—advocate for such a change. However, they have no means under our constitutional arrangements to make it happen. As Darryl Kerrigan said in *The Castle*: 'Tell 'em they're dreaming!'

Australia seems destined to have a federal system that at its best is second best. Our responsibilities in such a situation are to make that second best system work as best as we can. That means the states being more forceful in pursuing their interests and the Commonwealth more understanding of complexity and the benefits of diversity. Is that going to be possible in the adversarial system that has developed in our nation?



**Question** — We have in Australia over 300 local governments. Why hasn't local government been able to find its voice here in the Senate so that the Senate can fulfil its destiny of being the voice of Australia?



**Geoff Gallop** — Well I think its destiny was to be the voice of the states, of course. I think the problem with such a proposal in taking power away from the people to elect both houses of Parliament is it would lack the democratic credentials to be advocated in our current system. If, on the other hand, the Senate changed its nature to be more like a House of Lords without a lot of power over finance or legislation, a checking but not an ultimate decision-making power, you might consider things like that. But under the current system where we have proportional representation for the Senate I think that encourages smaller parties, independents and minorities and gives them a chance to influence the outcomes through our system. I prefer proportional representation as a way to do that rather than incorporating institutions into the electoral system.

**Question** — You are a Western Australian and you were their chief for a number of years. We all know that all Western Australians are secessionists, so is your talk a preparation for a declaration of independence and have you come up with a name for your new country yet?

**Geoff Gallop** — Once upon a time I used to dream about the Democratic Socialist Republic of Western Australia but talk about chances of something happening—that certainly wouldn't! I favour federalism as opposed to secession and subsidiarity also means that issues that can't be addressed at a local level ought to be addressed at a national level and defence is a good case study. As my good friend Kim Beazley said to me 'if those secessionists really want to carry through they are going to have to work out how much money they are going to have to spend on defence'. Now I think we ought to advocate for federalism and as I always use to say 'I am an Australian first, a West Australian and born and bred in Geraldton—and we've got to try and merge all those interests together through good systems of local government, good systems of state government and a good federal government. So I prefer federalism. There is a secessionist movement current in Western Australia although it's really not that strong and I think it's the muscle flexing within the federation that we're going to see and have seen in the past rather than a move towards secession. Let's face it, they voted for secession in the 1930s and then West Australians put in power a party that was against it. So as my mentor, John Wheeldon, said to me when I went into politics, 'Geoff, never assume rationality in politics'.

**Question** — Australia, or at least the component of the Australian federation, is fairly culturally homogeneous and that contrasts to Canada or Switzerland where you've got cantons or provinces that are quite distinctive. What effect do you think that's had on the imbalance or the creation of the imbalance in our federation?

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**Geoff Gallop** — Well I think from an analytical point of view there is no doubt that Canadian federalism is much stronger in the culture because of Quebec. No question about that and you mention Switzerland which is the federal dream in a sense. So it's had an impact but I wouldn't exaggerate it because I think what we see is that political systems create their own cultures. I'm quite proud of the fact that Western Australia does not have poker machines and it's strongly supported in the community and it just makes a difference. I'm not so sure about daylight saving and trading hours or the Potato Marketing Board, for that matter, but nevertheless I think these are differences. NSW has gone out there with its drug policy—medically supervised injecting centres; Victoria and the ACT have gone out there with their charters of rights. We create a dynamic as well as reflect a dynamic and I think yes, Canadian federalism is a lot healthier than Australian federalism. That being said, I don't think we should exaggerate the impact that cultural uniformity has as a precondition and driving force for centralisation.

**Question** — The Commonwealth Grants Commission has come out today with an update on the distribution of the GST revenue between the states and in the inevitable way of these things there is a league table of winners and losers out of the current round and the losers this time seem to be Victoria and the winners are Western Australia and Queensland. I was just wondering about this sort of approach to managing the GST revenue take and the institution of the Grants Commission itself to handle this. What do you make of that process?

**Geoff Gallop** — The Grants Commission has played a key role in Australian—obviously under different names in earlier times—but it has brought an equalising influence to Australian politics. It's never easy to find a formula that's precise. That will, for example, be able to reflect the fact that in Western Australia, even though there's revenue coming in, there are also great demands on infrastructure to back up that growth that's occurring. Or that in Sydney there is Western Sydney, which is huge and has great needs associated with it. We certainly put forward a proposal from Western Australia that we needed to take more account of our infrastructure needs. The Commonwealth has come along some way to that with its infrastructure fund and to say that we will support the states and if they put forward proposals that are nationally significant we will back them up. But in the end a lot of those funds become like all of these things—subject to trying to get a little bit here and a little bit there so everyone's happy rather than really looking at what would be nationally significant.

So the GST distribution process through the Grants Commission is not perfect but I do think we need one. The principle I agree with. In recent years it has tended to work against Western Australia because of the royalty growth that has been there. There's

some correction now going on. I think the real issue is sharing taxes and the proposal that was put forward in the last years of the Hawke Government to create some space so that the rate could be set by each state, that would give them real growth revenue and I think that their ability to blame the Commonwealth would be radically reduced in that situation. We need to try to equalise our opportunities throughout the country. The formula is always subject to a lot of debate. It was certainly our view when I was in government that it didn't quite reflect the infrastructure demands in a place like Western Australia, but the real issue for states would be this income tax sharing. As I said it is very hard to get that up.



# **After the Party, the Hangover?: An Analysis of ‘Post-Celtic Tiger Ireland’ in the Light of the February 2011 Election\***

*John Barry*

‘It’s only when the tide goes out do you know who’s naked’

## **Introduction**

I bring you today a stereotypical Irish tale of woe, of bitterness, of betrayal, high drama and, as should also be the case, of hope, renewal and the possibility of redemption (if such evocative terms can be applied to the dark arts of politics). Today I offer you a more general and provocative analysis, than would usually be the case if I were presenting an analytical and academic paper, to make best use of the short time and encourage some lively questions at the end ... and hopefully be somewhat more entertaining (if such a term can be applied to academic work). This is also due to the fact that the election was on 25 February and the new Fine Gael/Labour coalition government only agreed its ‘Program for Government’ on Sunday this week, so what I’m offering is a necessarily partial overview of a still dynamic process.

## **Context of the 2011 election**

The election of February 2011 was dominated by the International Monetary Fund/European Central Bank bailout of November 2010, the state of the public finances, the ongoing Irish banking crisis, and the disastrous state of the economy with rising unemployment, emigration and collapsing international competitiveness. After years of phenomenal economic growth (at least as measured by orthodox economic measurements such as gross domestic product (GDP) and foreign direct investment), known as the ‘Celtic Tiger’, during which a bloated construction industry accounted for a quarter of GDP and Irish banks sank nearly a third of their lending in construction projects, Ireland has entered a ‘post-Celtic Tiger’ era.

What most marks out this election from any one in living memory is that parties could make very few promises about improvements in living standards. Constrained by an EU/ECB/IMF package (officially termed a ‘Program of Support’) that endorses a severe four-year austerity plan to reduce the state’s budget deficit to three per cent of GDP by 2015 from 32 per cent in 2010 (this figure includes estimates of what it will

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\* This paper was presented as a lecture in the Senate Occasional Lecture Series at Parliament House, Canberra, on 11 March 2011.

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cost the state to fix the banking sector; when these costs are excluded the deficit was over 11 per cent of GDP last year and is expected to fall to around 9.5 per cent in 2011), all parties knew that whichever of them formed the next government, their freedom of action on economic, fiscal and taxation policy will be severely curtailed.

All parties knew that the incoming government faced two problems of a magnitude never previously faced by any new Irish government. The first is the collapse in state revenues since 2008. In 2010, tax receipts were down to €1.7bn, from €3bn in 2009 and €4.7bn in 2008, while the exchequer deficit grew from €2.7bn in 2008 to €4.6bn at the end of 2009 (although it had declined again to €1.8bn by the end of 2010). Compounding this unsustainable fiscal situation is the huge drain on state finances caused by the crisis in almost all of the country's banks. Already, by the end of 2010 Anglo Irish Bank, which was the most overextended of the Irish banks and was nationalised in 2009, had absorbed just under €30bn of state cash, while the estimate of the cost to the state of salvaging the whole banking sector was €50bn. The uncertainty surrounding the final cost, however, was illustrated in the middle of the recent election campaign when the government-appointed chairman of the Anglo Irish Bank, former Fine Gael leader and former Finance Minister Alan Dukes, said the system could need an additional €50bn. The International Monetary Fund (IMF) in mid-2009 predicted a decline in Irish GDP of about 13.5 per cent between 2008 and 2010, and said the Irish crisis 'matches episodes of the most severe economic distress in post-world war II history'.<sup>1</sup> The figures are truly eye-watering.

Finally, a telling indication of the context for the election can be found if one logs onto the main Irish Government website, [www.gov.ie](http://www.gov.ie). On this page in the featured links section we find the following three links—the 2010 austerity budget, [keepingyourhome.ie](http://keepingyourhome.ie) and [losingyourjob.ie](http://losingyourjob.ie). Enough said.

### **And the results were...**

Fianna Fáil suffered its greatest electoral defeat in its history and brings to an end the unrivalled track record of one of the most successful parties in Europe (with the exception of that other great electoral machine, the UK's Conservative Party). They have been humbled into now being the third largest party, behind Labour and just ahead of Sinn Féin. Mary O'Rourke, long-time Fianna Fáil representative, former minister and aunt of former Fianna Fáil Minister for Finance and would-be leader of that party, Brian Lenihan (and aunt of his brother, and former minister Conor Lenihan) said:

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<sup>1</sup> International Monetary Fund (IMF), *Ireland: IMF Country Report No. 09/195*. Washington DC, IMF, 2009, p. 28.

It is just nonsense for Fianna Fáil members to continue saying that it was the hard economic decisions that has rendered us to this paltry 20-seat membership of the 31st Dáil. Of course, the difficult decisions had an effect; but it was not the only reason. The real reason was the almost 24 years, from 1987, of government by Fianna Fáil.<sup>2</sup>

One cannot underestimate the significance of Fianna Fáil's demise. Not only has the party rarely been out of power since first entering government in 1932 but it has never been out of power for more than one election. Fianna Fáil saw itself as not just one among many political parties, but as a movement of, by and for the Irish people and not just a political party, that ruled the Irish state as of right. A party once used to getting between 40 and 50 per cent of the popular vote and winning enough seats to form government on its own (at least until the late 1980s), in the recent election Fianna Fáil received a mere 17.5 per cent of the popular vote and struggled to translate this into seats, finishing with 20 seats in the 166-seat Dáil or lower house. They were prepared for this and know long in advance that they were set for a major meltdown. When the registration of candidates for the election closed in early February, one fact stood out above all others—for the first time that anyone could remember Fianna Fáil was deliberately running too few candidates to get a majority in the Dáil, even if all were to win. This was a damage limitation election for them, with their strategy to only place candidates in constituencies where they were likely to win or stabilise their political base. It was a 'triage election' for this once successful party—after all it was fighting for its political life. It has survived, but as a shadow of its former self and is reduced to being, in the words of another defeated female former Fianna Fáil minister, Mary Hanafin, 'a male, rural and small party', with no representation in Dublin the capital, and no female representatives.<sup>3</sup>

While Fine Gael had its best election ever, they do not win an overall majority, against a thoroughly discredited Fianna Fáil and the most hated government in the history of the Irish state. Fine Gael, so long the second largest party in Irish politics (always the bridegroom never the bride), and broadly Christian Democratic/centre-right in its identity, has finally had its moment in the sun. It has emerged as the largest party for the first time in its history, with 76 seats and 36 per cent of the vote. It was a major victory for its leader now Taoiseach (prime minister) Enda Kenny who survived a major heave against him by some of his frontbench team less than a year ago. Given the inexorable tsunami against Fianna Fáil, much of it flowing towards

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<sup>2</sup> M. O'Rourke, 'Days of political hegemony well and truly over for FF', *Irish Independent*, 6 March 2011, available at [www.independent.ie/national-news/elections/latest-news/days-of-political-hegemony-well-and-truly-over-for-ff-2567705.html](http://www.independent.ie/national-news/elections/latest-news/days-of-political-hegemony-well-and-truly-over-for-ff-2567705.html).

<sup>3</sup> Donal O'Donovan, 'Hanafin considers flipping to Seanad', *Irish Independent*, 8 March 2011, available at [www.independent.ie/national-news/hanafin-considers-flipping-to-seanad-2569495.html](http://www.independent.ie/national-news/hanafin-considers-flipping-to-seanad-2569495.html).

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Fine Gael, it could be suggested that his finest political moment (since elected to the Dáil/Irish Parliament in 1975, and since becoming leader of his party in June 2002), was not during the recent election campaign (where any balanced assessment would note that he failed to connect with the electorate and was less impressive than other party leaders in debates), but rather in his ruthless and effective political skills demonstrated in that aborted internal party coup early last year. Having been ‘plucked from obscurity’, in the words of one journalist, to become leader in 2002, he now holds the highest office of state, commands an unprecedented coalition majority in the Dáil, and has one hell of a political job to do.

The Labour Party, although its leader, Eamon Gilmore, was consistently the highest rated leader of any political party before and during the campaign, did not come close to delivering on some of the hyperbole of ‘Gilmore for Taoiseach/Prime Minister’. The social democratic Labour Party, like Fine Gael, has had its most successful election ever, with 19.5 per cent of the vote, winning 37 seats. It has now agreed a Program for Government with Fine Gael making the Labour Party leader Tánaiste, or deputy prime minister, and also will take the foreign affairs portfolio.

The Green Party has been destroyed—while perhaps a little unfairly the electorate viewed them as ‘being in the way’ or ‘in the wrong place at the wrong time’ as part of the coalition government since 2007. They were simply standing between the electorate and their desire to give Fianna Fáil a good kicking. Not only have they lost all six of their seats in the Dáil, but now have lost state funding as their national support fell below two per cent. Their main priority now, as Green leader, John Gormley has noted, is to not go the way of another small coalition party—the Progressive Democrats—who while curiously having had a disproportionate influence on Irish politics during the Celtic Tiger years (as coalition partners with Fianna Fáil), are quickly fading into political memory, having wound themselves up as a viable political force. At this election when the Greens would have been certain to pick up extra seats had they remained in opposition, they faced the anger of the electorate for having been in government when the economy collapsed. Speaking as I do in Australia, there may be some tough (and hopefully) valuable lessons in the story of the Irish Greens, for their counterparts here in Australia in relation to being the junior member of a coalition government in uncertain economic and financial times. Be careful of what you wish for perhaps, or perhaps a version of *The Clash* song, ‘I fought the electorate and the electorate won’?

Sinn Féin had their best election yet, tripling its representation to 14 seats, and are now the fourth largest party, just behind a chastened Fianna Fáil on 20 seats. It exceeded most expectations and stood on a platform of defaulting on bondholders and renegeing on the EU/ECB/IMF bailout of last November. Both governing parties, Fine



Gael and Labour had signalled they would not enter into coalition with Sinn Féin, ostensibly due to policy differences, which do exist without a doubt, but also due to the continuing ‘whiff of cordite’ from Sinn Féin and its connection with violent republicanism and the IRA (Irish Republican Army). At this stage, Sinn Féin is still too politically toxic for both Fine Gael and Labour to consider as a coalition partner, so this time it was clear that Sinn Féin would have to have a period in purdah and continue its presence on the backbenches in opposition.

‘The left’, a catch-all term I use (following the media in Ireland) to describe the return of left-wing representatives such as Joe Higgins of the Socialist Party (joined by one other Socialist Party TD<sup>4</sup>), the emergence and arrival of new left-wing groupings—the Workers and Unemployed Action Group (one TD) and People Before Profit (two TDs). These three groupings have come together to form the United Left Alliance (ULA). While Labour’s performance signals a shift to the left in Irish politics, perhaps more dramatic has been the performance of groups to the left of Labour. Chief among these is Sinn Féin, already sharing power in Northern Ireland. Adding these victories to those of left-wing independents gives at least an additional 10 to 12 left-wing members of the incoming Dáil. Some of these are already speaking of establishing a new left-wing party, further left to Labour. It is significant to point out that more voters switched to Labour, Sinn Féin, ULA and left independents than Fine Gael, indicating the emergence of a more normal/European-style left–right division in national politics. In a brilliant turn of phrase during a leadership debate in 2007, Michael McDowell, leader of the Progressive Democrats described the Labour Party, Sinn Féin and the Greens as ‘the left, hard left, and the left-overs’. But while the Greens were comprehensively defeated in 2011, his own party is no more and the left’s political revenge (best enjoyed cold) came through the massive boost it received at the ballot box.

Independents have also done extremely well in this election—whereas there were only six independent TDs in the last Dáil, there are now 15. Also of interest is that for the first time there are some independents who stood on a right-wing platform, going against the usual trend for Irish independent members of parliament to be either from the left, from the ‘political gene pool’ of either Fianna Fáil or Fine Gael or standing on a local issue such as saving a local hospital.

Some other notable features of the outcome of the election are that a majority of TDs (84) are completely new members and were not members of the previous Dáil/parliament, and this election also saw the largest number of female TDs (25) elected, although this only represents 16 per cent of all TDs. You have to go back to 1918 (when the Irish Parliamentary Party was routed by Sinn Féin) for an election of

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<sup>4</sup> TD (Teachta Dála), member of the Irish lower house.

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similar historic significance and the political alignment that this election represents (though with qualifications as I hope to suggest).

**Outcome: new government, same austerity**

*Irish Independent* columnist, Gene Kerrigan was not completely wide of the mark when he wrote recently (Sunday 6 March), that

the incoming Government will be an EU/IMF/FG coalition. The attachment of Labour or someone else was always about taking the bare look off it. The de facto Minister for Finance will be a taciturn bureaucrat from the European Central Bank.<sup>5</sup>

The new coalition government will continue the austerity policies of the previous administration, agreeing on a compromise on the target for slashing the deficit to three per cent of GDP as required under the conditions of the IMF/ECB bailout. The parties said they would now aim to make the cut by 2015.

Both parties have been out of office for 14 years and will be keen to hit the ground running in terms. They have agreed a five year Program for Government and have branded their coalition as ‘Government for National Recovery’.<sup>6</sup> As the introduction to the Program for Government states:

Our country deserves a fresh start from the failed politics of the years past. It also deserves a new hope that a new Government guided by the needs of the many rather than the greed of the few can make a real, positive difference in their lives ... The overall aim of renegotiation must be to secure a Programme of Support and solution to the banking crisis that is perceived as more affordable by both the Irish public and international markets, thereby restoring confidence, growth, job creation and the State’s access to affordable credit from private lenders. The Parties to the Government recognise that there is a growing danger of the State’s debt burden becoming unsustainable and that measures to safeguard debt sustainability must be urgently explored.<sup>7</sup>

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<sup>5</sup> G. Kerrigan, ‘Forget the election, change really is afoot’, *Irish Independent*, 6 March 2011, available at [www.independent.ie/national-news/elections/comment-analysis/gene-kerrigan-forget-the-election-change-really-is-afoot-2567595.html](http://www.independent.ie/national-news/elections/comment-analysis/gene-kerrigan-forget-the-election-change-really-is-afoot-2567595.html).

<sup>6</sup> Fine Gael/Labour, Programme for Government, 2011, available at [www.finegaele.ie/upload/ProgrammeforGovernmentFinal.pdf](http://www.finegaele.ie/upload/ProgrammeforGovernmentFinal.pdf), p. 1.

<sup>7</sup> *ibid.*, pp. 3–4.

Some commentators have pointed out that there is an ‘alarming’ lack of content in the Program for Government. As one put it:

Given that so much of the campaign was fought over target dates and breakdowns of taxation and expenditure (but not, unfortunately, investment which is a major, if not the primary, element of fiscal consolidation), this lack of content suggests a lack of agreement between the parties. This is not the best of starts.<sup>8</sup>

The language of the Program for Government on the treatment of unguaranteed senior bank bondholders also contains a large element of what I think can be termed ‘constructive ambiguity’. There is talk in the document of a ‘comprehensive special resolution regime for dealing with bank insolvencies’, and to consider whether new legislation ‘may be necessary to extend the scope of bank liability restructuring to include unsecured, unguaranteed senior bonds’.<sup>9</sup> However, comments by Prime Minister Kenny, speaking at the fringes of a European People’s Party meeting in Helsinki last week, seemed to indicate that the prospect of imposing losses on senior bondholders was not on the agenda. Despite the popularity such a move would doubtless bring and perhaps the moral and economic appropriateness of ‘burning the bondholders’, it does appear that the pain will not be shared between the bondholders and the Irish taxpayer. Added to this is that the dominant party, Fine Gael, is committed to not raising taxes, the inevitable logical outcome of which is that it will be cuts in public services and welfare which will characterise the government’s strategy for fiscal adjustment, and has been at pains to point out that the Irish people have signed up ‘years of harsh medicine’. Pain upon pain indeed.

‘Ireland’, declared George Osborne in 2006, ‘stands as a shining example of the art of the possible in long-term economic policymaking’.<sup>10</sup> Who is George Osborne? George Osborne is now Chancellor of the Exchequer in the UK Conservative–Liberal coalition government. And in his new position, he’s setting out to emulate the austerity policies Ireland has implemented after the bubble burst. Indeed as Paul Krugman<sup>11</sup> has pointed out, supporters of neoliberalism on both sides of the Atlantic spent much of the past year hailing Irish austerity as a resounding success. ‘The Irish approach worked in 1987–89—and it’s working now’ opined Alan Reynolds of the

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<sup>8</sup> M. Taft, ‘Programme for Government 1: The unpainted fiscal landscape’, 7 March 2011, <http://notesonthefront.typepad.com/>.

<sup>9</sup> Fine Gael/Labour, op. cit., p. 5.

<sup>10</sup> G. Osborne, ‘Look and learn from across the Irish Sea’, *Times*, 23 February 2006, available at [www.timesonline.co.uk/tol/comment/columnists/guest\\_contributors/article733821.ece](http://www.timesonline.co.uk/tol/comment/columnists/guest_contributors/article733821.ece).

<sup>11</sup> P. Krugman, ‘When zombies win’, *New York Times*, 19 December 2010, available at [www.nytimes.com/2010/12/20/opinion/20krugman.html?\\_r=1](http://www.nytimes.com/2010/12/20/opinion/20krugman.html?_r=1).

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right-wing/free market Cato Institute in America in June 2010. Well, with friends like these who needs enemies?

### **The compromising of Irish sovereignty**

It may very well be that Fianna Fáil, despite their massive defeat, are relieved they will not be the ones to continue to implement painful, externally imposed austerity measures, public sector cuts, reduction in the minimum wage etc., and preside over a strange political landscape, where privately generated risk and debt (generated courtesy of some Irish banks, such as Anglo Irish and Bank of Ireland and property developers) has been transformed into sovereign debt now owned by the Irish people and owed to the ‘colonial power’ in Ireland, no, not Britain, but the ECB, the IMF, international money markets and the dreaded bank bondholders. The latter (especially the mysterious ‘senior bondholders’ are now routinely used to scare Irish children, since it is clear that this younger, techno-sophisticated generation is immune to the usual but old-world charms of the boogiemán) now occupy centre stage in Irish politics (no doubt not something they would normally seek) in that the election campaign and post-election negotiations were (in part) about how the Irish Government could restructure the interest payments on the bailout package and how it could force/cajole/encourage senior bondholders of Irish bank debt to ‘share the pain’ with the Irish people. Just like wonderfully strange terms such as ‘sub-prime mortgages’, NINJA mortgages (that’s No Income, No Job or Assets to you and me), credit default swaps, collateral debt obligation (the cool sounding CDOs), and all the other wonderfully named menagerie of the flora and fauna of the deregulated, securitised financial world, ordinary citizens are getting a crash course in, well, crash economics and becoming more acquainted with bond—not James Bond, but senior bondholders.

It is important here to consider that alongside the IMF/ECB 90 billion euro bailout in November 2010, was the September 2008 decision by the previous government to issue a blanket bank deposit guarantee scheme, which effectively transformed private debt into public debt. Whether this is to be viewed as an act of political alchemy or brute necessity depends on one’s political perspective. But as a long-time student of the dark arts (and sometimes bright possibilities) of politics, I can only state my amazement of how in Ireland (as in the United Kingdom) the solution to private bank/developer debt is public sector cuts, rather than private risk takers ‘taking the hit’ as it were. It is like a gambler who upon losing his bet, then seeks not only sympathy but a full refund. But in the context of some banks ‘being too big to fail’ (a mantra that characterised government responses to the global financial crisis around the world to justify what is in effect the socialisation and public underwriting of risk and cost, while still privatising profit) we are in a world best characterised by the following (less well known) adage—if you owe someone a hundred euros it’s *your*

problem, if you own them 10 billion euros, it's *their* problem. As former Labour Party leader Pat Rabbitte (and now Minister for Communications, Energy and Natural Resources) put it forcefully in the Dáil debate over the bailout package and associated four-year austerity budget in November last year, 'Whatever emerges from the discussions with the IMF, the talks had better ensure that this is the last bailout, *unless the Government is going to permit the banks to cannibalise the State*'.<sup>12</sup> So along with alchemy we can add cannibalism to the political lexicon for living in a time of austerity.

There is also a need to focus some attention on the European Central Bank and its part in the failure of the Irish banking system. The banking analyst Peter Mathews (now a Fine Gael TD) argued in November 2010, Irish negotiators 'had a duty to clearly demonstrate ... that the ECB had been 50 per cent culpable in its failure in regulation and supervision of Irish banks for four years up to 2007–2008' and knowingly advanced loans to the Irish banks when it was obvious that they were heading for insolvency.<sup>13</sup> It is to be hoped that Mr. Mathews is part of the government team sent to Brussels to re-negotiate and re-schedule the bailout.

While of course I speak here merely as one ignorant of the Olympian perspective and superior knowledge required to understand the complexities of modern high finance—that is, I am not a 'master of the universe', merely a minion from the university—it is truly amazing to see how public opinion has been managed, and expectations lowered so that a) this alchemy can be not only rendered acceptable and necessary, but b) people are thankful that perhaps the cuts (always presented as 'necessary', 'inevitable' (and the result of the previous lot's mismanagement) may not be as bad as expected. Progress in such times of alchemic austerity (to coin a phrase) is measured by how less bad things are not how better they are or could be. And so in such times, in a rather dramatic phrase, people vote for the least worst option, tuberculosis over cancer as it were. An example of politics in a time of austerity is the difference between Fine Gael and Labour about how to tackle the public finances. Fine Gael were of the view that the way to deal with getting the public finances in order was to frontload public cuts and less on increasing taxes (60 per cent cuts, 40 per cent taxes), whereas Labour proposed a more even split with 50 per cent cuts and 50 per cent taxes—welcome to austerity politics. Ireland may be drowning in debt, but it is progress (of a sort, fit for purpose for such alchemic austere times) that the water is only five feet instead of 10 feet above (assuming the new government can re-negotiate a better interest rate).

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<sup>12</sup> P. Rabbitte, 'Speech to Dáil debate on the Bank Guarantee Scheme', 2010, available at [www.kildarestreet.com/debates/?id=2010-11-17.471.0&s=speaker%3A282#g500.0](http://www.kildarestreet.com/debates/?id=2010-11-17.471.0&s=speaker%3A282#g500.0) (emphasis added).

<sup>13</sup> P. Mathews, 'Lame team failed to point finger back at ECB', *Irish Times*, 30 November 2010.

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## The beginning of the end of ‘civil war politics’?

The election of 2011 will prove a watershed in Ireland, not simply for the breaking of the hegemony of Fianna Fáil as the ‘natural party of government’ (though from the point of view of the democratic health of the nation, this is to be welcomed). But rather because it signals (or potentially) the beginning of the end of the ‘old politics’, the civil war politics which has dominated Irish democracy since its foundation. And by old politics I do not just mean the treaty/anti-treaty politics which spawned Fine Gael and Fianna Fáil, and prevented the evolution of ‘left-right’ politics which characterised most of the European states. By the old politics I also mean the centralised, anti-democratic, top-down, elitist political culture and dominance of Irish politics by a political class characterised by a being from a small number of key professions (principally legal) and also with a disproportionate number coming from family political dynasties.

While from the headline figures and the usual ‘horse race’ view of the election what seems to have happened is the replacing of one coalition (Fianna Fáil and the Greens) with another (Fine Gael and Labour), the return of independents, and the rise of Sinn Féin as a political force south of the border, there is, I think, a clearer right–left division, and a diffuse but identified leftward shift in the electorate, masked by the formation of the new coalition, and also the almost complete lack of coverage in the media of this element of the election outcome. However, at the same time, one needs to look at the grassroots to see some other (equally significant) political developments.

I am speaking here of grassroots/community initiatives such as *Claiming our Future* and *Is Feidir Linn* (‘Yes we can’, with clear echoes of Barak Obama’s hope-based campaign slogan). *Claiming Our Future* is supported by about 50 national groups including the Irish Congress of Trade Unions (ICTU), the National Women’s Council, the Disability Federation, the Taskforce on Action for Social Change thinktank, Social Justice Ireland, the Community Platform and the Society of St Vincent de Paul. Its first national meeting at the Royal Dublin Society on 30 October 2010 was hugely oversubscribed and limited to 1000 people. Its aim is to co-ordinate the views of hundreds of local and national groups in civil society who disagree with the way the crisis was being handled by the government and proposes a new citizen-based democratic model for Ireland. As one of its co-founders, Niall Crowley, former head of the Equality Authority, put it:

Our aim is not to compete with political parties, or to oppose. It’s more to propose that there are achievable, supported alternatives. Claiming Our

Future is about seeing the current crisis as a turning point and opportunity to reshape politics, reappraise values.<sup>14</sup>

It identified six priority areas:

- A sustainable alternative to our boom-and-bust economy;
- A more equal society;
- Change in the way we govern ourselves;
- Decent and sustainable jobs;
- Radical reform of the banking system;
- Reform of our public services.<sup>15</sup>

Though it is early days, it is evident that a Fine Gael/Labour coalition government may (just) be necessary but perhaps not sufficient to fulfil and deliver on the aspirations of such grassroots initiatives for a different type of politics, that goes beyond simply reforming the houses of Parliament (the Oireachtas) such as the proposed referendum to abolish the upper chamber (the Senate or Seanad) or reduce the number of elected representatives. Let us compare what the agreed Program for Government says and the demands of civil society (as represented by *Claiming Our Future*) to:

- Change the current development model and define and measure progress in a balanced way that stresses economic security and social and environmental sustainability.
- Regulate banking to change the culture from one of speculative banking to one where currently state-owned banks and new local banking models focus on guaranteeing credit to local enterprises and communities.
- Achieve greater income equality and reduce poverty through wage, tax and income policies that support maximum and minimum income thresholds.
- Prioritise high levels of decent employment with a stimulus package to maximize job creation in a green/social economy.<sup>16</sup>

The agreed Program for Government proposes to establish a

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<sup>14</sup> K. Holland, 'Grassroots group aims to "reshape politics"', *Irish Times*, 11 October 2010, available at [www.irishtimes.com/newspaper/ireland/2010/1011/1224280785006.html](http://www.irishtimes.com/newspaper/ireland/2010/1011/1224280785006.html).

<sup>15</sup> Claiming Our Future, *Priorities for the Future*. 2011, available at [www.claimingourfuture.ie/wp-content/uploads/Priorities\\_Folded-Blue\\_v2.pdf](http://www.claimingourfuture.ie/wp-content/uploads/Priorities_Folded-Blue_v2.pdf).

<sup>16</sup> Claiming Our Future, 'Conference report from consensors', 2010, available at [www.claimingourfuture.ie/wp-content/uploads/Consenors-Report.pdf](http://www.claimingourfuture.ie/wp-content/uploads/Consenors-Report.pdf).

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Constitutional Convention to consider comprehensive constitutional reform, with a brief to consider, as a whole or in sub-groups, and report within 12 months on the following:

- Review of our Dáil electoral system.
- Reducing the presidential term to 5 years and aligning it with the local and European elections
- Provision for same-sex marriage.
- Amending the clause on women in the home and encourage greater participation of women in public life.
- Removing blasphemy from the Constitution
- Possible reduction of the voting age.<sup>17</sup>

While the document recognises that ‘Government is too centralised and unaccountable. We believe that there must also be a real shift in power from the State to the citizen’<sup>18</sup>, there is no commitment or detail to enhance local democracy to enable the transformation of one of the major problems with the Irish political system since the foundation of the state, namely to effect the transition from local *administration* to local *democracy*. While the document does specify a range of devolutionary proposals—to devolve administration and financial control to local authorities—there are no proposals for enhancing citizen-based decision-making or the role of the citizen beyond a voter or taxpayer. The new government states that:

In local services, we will establish a website—[www.fixmystreet.ie](http://www.fixmystreet.ie)—to assist residents in reporting problems with street lighting, drainage, graffiti, waste collection and road and path maintenance in their neighbourhoods, with a guarantee that local officials will respond within two working days.<sup>19</sup>

It would appear the new government is so enthralled with this particular proposal that it lists it twice in the document (once on page 26 and again on page 28). And while this proposal will be welcome I’m sure, it is hardly the stuff of a ‘democratic revolution’ and one cannot help but think that already there are signs of a missed opportunity, that a focus on fixing the banks and public debt are at the expense of other possible and needed reforms within Irish democracy, since in my view (and other commentators) the root causes of the Irish crisis are to found in governance and politics and a failure of democracy. I note here in passing the three proposals for strengthening prosecuting of white-collar crime and banking/financial malfeasance, a

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<sup>17</sup> Fine Gael/Labour, op. cit., p. 17.

<sup>18</sup> *ibid.*, p. 19.

<sup>19</sup> *ibid.*, p. 26.



key cause of the current crisis, with the four on anti-social behaviour, or 12 on reform of sentencing and the penal system. The coalition will tackle poverty not inequality, which is the main cause of poverty. And this despite the evidence that ‘The level of income inequality remains comparatively high in Ireland, with a widening of incomes at the very top end of the income distribution’.<sup>20</sup> While it seems to largely limit its conception of equality to the social rights of citizens rather than integrating with a concern for tackling socio-economic inequalities and class divisions.

And yet while it is perhaps not likely, there are opportunities for the demands of civil society and the vision of the new government to be combined, not least from that most unlikely of sources—a government agency. NESC (the National Economic and Social Council) suggested in a report in September 2009, entitled *Well-Being Matters*, that there was a need

to question the model of development we have used in the past. While this model led to unprecedented economic growth it has left social deficits in its wake and seems limited in its capacity to address the challenges facing Ireland in the current recession or to shape our future society.<sup>21</sup>

This issue of the choice of development model for Ireland I will take up later.

Perhaps like in 1916, poets have as much to say pertinent to the issues of the moment as men and women of action. The poet Theo Dorgan had much of interest to say about the election when he said that the rise of Fine Gael may simply be the last hurrah of the old politics, when people realise they are not much different than Fianna Fáil when given the whip hand in coalition government. It may be the case that we begin to see a ‘new politics’—moving away from the family-business character of Irish politics, where almost half of elected politicians are related to other elected or previous elected representatives. The former Taoiseach, and former leader of Fianna Fáil, Brian Cowen, inherited his seat from his father and upon deciding not to stand at this election, passed the seat to his brother, Barry, who successfully held it. *Plus ça change...*

### **Reforming Ireland, re-founding the republic?**

It is telling that the nationalist discourse of the ‘betrayal of the republic’, of the ‘sullyng’ of the founders of the Irish state, of the dishonouring of the 1916 Easter Rising are rife within political and media commentary. While patriotism may be the

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<sup>20</sup> National Economic and Social Council (NESC), *Well-Being Matters: A Social Report for Ireland*, vol. 1, no. 119, 2009, available at [www.nesc.ie/dynamic/docs/NESC\\_WB\\_Volume\\_I.pdf](http://www.nesc.ie/dynamic/docs/NESC_WB_Volume_I.pdf), p. xiv.

<sup>21</sup> *ibid.*, p. xix.

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last refuge of the scoundrel, as Samuel Johnson said, there is no shortage of politicians, parties and movements all seeking to ‘re-found the republic’. And not just politicians calling for a ‘meitheal mentality’—meitheal being the rural community practice in Ireland of neighbours helping one another out—and for people to ‘pull together’ in the ‘national interest’, or at least in the interest of reassuring the international bond markets. But also poets, and I give you one example here:

### The Reclamation

I read the front page news again today  
And pondered sadly what it had to say  
Our treasured nation, failed by power and greed  
A people swindled, condemned to bleed.

beneath this cloud of gloom I did despair  
As Line by line, upon treachery I did stare  
A golden circle still runs wild and free  
The republic’s people, left to pay the fee.

...

I closed my eyes and thought of times of old  
When a nation’s proclamation was foretold  
By men of strength and vision, who gave their all  
So we the Irish people would never, again fall.

...

And yet today the keepers of their flame,  
Those who masquerade as leaders are to blame.  
Those veiled in corrupt robes with loosened belts  
Preying upon our people, to feed their masters wealth ...

Eamonn Og Solice, 8 October 2009

There is a long-overdue need to move away from a top-down, distant and powerful government and policy-making process on the one hand and a need to completely reform citizenship and citizen–state relations, especially, I would point out here, the intensely clientelistic nature of Irish politics. From a democratic perspective, clientelism should be viewed as form of paternalism. It has often been said that the modern movement for democracy and human rights represents the hard fought for

evolution from clientelism to citizenship, where ‘the citizen’ is someone with individual and collective rights, rather than merely someone who relies on charity, welfare or paternalistic gestures.<sup>22</sup> It may be, as many observers have noted, that Irish democracy has not developed fully in part because of this continuing presence of this paternalistic-clientelistic character. A cause of this is the Irish electoral system, PR STV, Proportional Representation, Single Transferable Vote. While other countries use PR, Ireland is unique in also having STV. The key feature of this system is that it allows voters to vote across party lines. Therefore it means that candidates of the same party must compete with each other as well as with candidates from other parties. This encourages an intense and often unhealthy localism on behalf of national politicians.

One solution to this proposed by Professor Tom Garvin is to have two votes for the Dáil—one for a constituency as at present and the other for a party list. Having half of the deputies elected from party lists would have two positive effects. The first is that it would insulate deputies from constant direct local or clientelist pressures and allow them to carry out their role as *national* legislators. The second is that a different kind of politician might emerge through the lists. Establishing a reputation for ‘getting things done’ and ‘sorting out issues’ in local areas places great restrictions on the routes of entry into the national political system. Such local fixing ought to be the role of local councillors in the first instance, not national legislators. At the same time, there are many people who could ably serve in the Dáil but who are put off by the localistic, highly competitive and clientelistic nature of our political system. If we want to broaden the social composition of the political class then list system is the way to go. But I seriously doubt we will see any attempt to tackle this problem and seriously consider changing the electoral system.

There were calls right across the political spectrum for reform to the Irish political system—ranging from proposals to abolish the upper chamber, end corporate and trade union financing of political parties, lowering the number of elected members of the lower chamber, to the creation of a citizens’ forum and a constitutional assembly or calls for an end or major scaling back of the social partnership process—the formal policy forum which brought together the government, the trades unions, farmers, business, community and voluntary groups and latterly environmental groups.

A crisis after all is a terrible thing to waste as the oft-repeated phrase puts it. Or as we are more likely to say in Ireland ‘sure you might as well be hung for a sheep as a lamb’. While there will doubtless be some changes to the Irish political system (and perhaps less so to the legislative and policy processes) it is unlikely that we will see

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<sup>22</sup> International Labour Organization, *Economic Security for a Better World*. Geneva, International Labour Office, 2004, available at [http://www.ilo.org/public/libdoc/ilo/2004/104B09\\_278\\_engl.pdf](http://www.ilo.org/public/libdoc/ilo/2004/104B09_278_engl.pdf), p. 7.

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major institutional or constitutional changes. While the processes of government and the wider institutionalised governance system are generally seen as causes of the Irish crisis, the main focus, I would suggest, will be the external dealings with bondholders, the IMF and ECB and the internal implications of this. Reform, not revolution or transformation, will be the order of the day for the period of the incoming government. Of course ‘facts on the ground’ may change that, if austerity measures go too far and push Irish citizens to Icelandic or Greek-style protests. But with emigration running at over 1000 people a week, those most likely to take to the streets or engage in extra-parliamentary politics, are leaving Ireland. Emigration has been the default mechanism for Ireland to cope with crises, an Irish solution to an Irish problem, a pressure valve which removes potential political and social pressure from the political system.

### **Responsibility, re-founding and re-birth: beyond blaming banksters, bureaucrats and Fianna Fáil?**

There has been little (yet) public reflection on the social and cultural causes of the meltdown of the Celtic Tiger model. What I mean by this is the provocative, perhaps, suggestion that one cannot blame everything for what has happened to Ireland on the previous government in general or Fianna Fáil and the small cadre of senior public officials (mostly but not all within the powerful Department of Finance). I speak here of what David McWilliams (pop economist, journalist and broadcaster) identified in his insightful and best-selling book *The Pope’s Children*, as the culture of debt-based hyper-consumerism, economic accumulation and property speculation which characterised the Celtic Tiger years. There has been rather less analysis and public discussion of the culpability of ‘ordinary citizens’ who (and I exaggerate of course here, but in full recognition that exaggeration is when the truth loses its temper) seemed only too happy to turn a blind eye to the behaviour of Fianna Fáil and the ‘golden circle’ between it, developers and leading banks, so long as people were, to use the Irish phrase—‘*ar muin na muice*’—‘on the pig’s back’ and doing fine financially and personally. During the Celtic Tiger years, socio-economic inequality grew in Ireland, private wealth sat alongside poor public health and education systems. In the words of Mary Harney, former minister and leader of the Progressive Democrats, the party which perhaps more than even Fianna Fáil provided the neo-liberal policy and ideological justification for a low tax, multinational-friendly, foreign direct investment dependent, export-orientated economy, people seemed to prefer to be ‘closer to Boston than Berlin’, that is preferring American-style ‘small government’ and welfare services to the ‘social market’ ethos of Germany.

Reckless lending by banks does not happen in a political vacuum it is true, and here (as a recent inquiry into the Department of Finance has found) the Irish state did not regulate effectively and engage in counter-cyclical policies to prevent or limit the

damage from an overheated housing bubble. But banks need willing customers to lend to (and not just property developers), and here I think there is some soul-searching to be done within Ireland. For while not everyone benefitted (never mind benefitted equally) from the Celtic Tiger years, nor engaged in speculative property investments or debt-based consumerism, a significant and politically vocal section of the Irish people did.

To be fair to them, a salutary recognition of this was sounded by the Green Party, oddly enough while still a governing party. In the summer of 2008, that is before the collapse of the Lehman brothers in America and the infamous September meeting between Irish banks and the government, former Green Party minister Eamon Ryan said the following in the Irish Dáil (lower house of parliament):

We bought bigger cars for the status that it gave. We built bigger houses with X number of bedrooms and bathrooms, regardless of how we were going to heat these massive properties. We flew to New York in a way that turned Madison Avenue into our latest Grafton Street ... *Let us be honest with ourselves that is the phenomenon that occurred* ... In the last decade China and India started to produce our goods for us at a fraction of the cost. That brought down inflation in the developed world and allowed the central banks to lower interests internationally, which led to easy lending, bad lending.<sup>23</sup>

It is perhaps more than telling that it was a Green Party *minister*, not just an elected member of the Dáil, who was brave (or foolish) enough to hold a mirror to the debt and fossil-fuelled unsustainability of Ireland's economic bubble. And he did so in the Dáil, the apex of the Irish representative democratic system, not in a blog, or a tweet or local Green Party constituency meeting.

So my question here (if it can be phrased as such) is whether Ireland as a nation is being honest with itself? Yes, Fianna Fáil perhaps deserved its drubbing for its 'cute hoor' stroke politics and too cosy connection with developers and banks; yes the reckless (and poorly regulated) lending by Irish banks perhaps meant they deserved their transformation from banks into 'banksters' (at the same time as major parts of the Irish banking sector were nationalised); and yes the senior public servants who managed the economy and co-presided over the Celtic Tiger perhaps deserved the opprobrium of the people as members of a discredited political class.

But as my father, a wise peasant from County Wicklow (the Garden Country of Ireland), used to always tell me, 'when you point the finger at someone or something

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<sup>23</sup> *Irish Times*, 11 July 2008 (emphasis added).

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else, there are three pointing back at you'. Well, the Irish people have blamed, pointed and excoriated a whole range of people and institutions and practices, on the doorsteps, in letters, and above all via that that quintessentially modern barometer of public opinion, I speak here of course of talk radio (the charms and political implications of which, coincidentally, are also alive and well here in Australia, or so I am lead to believe). The people, like the big bad wolf, have huffed and puffed but—in giving overwhelming support for a Fine Gael/Labour government to continue on (with some modifications) the austerity policies of the outgoing government; in giving support to the policies flowing as a consequence of the Irish bailout by the International Monetary Fund and the European Central Bank in November 2010—they have not blown the house down.

Diarmaid Ferriter has perhaps put it best when he notes that what has happened is that 'the Irish have not reacted to the crisis with the militancy and street protests of Greece and Iceland' but reserved 'their ire for the polling booth'. He goes on to conclude that

It is a measure of the cautious nature of Irish politics that even crisis on a massive scale did not produce a new radical national movement to challenge what has repeatedly been described as a dysfunctional political system. *Revenge rather than revolution will characterise the election result.*<sup>24</sup>

And he was proved right.

In my own view, Ireland is at a crossroads in the current moment, an essential part of which cannot remain at the big 'P' political, parliamentary or governmental level. Here what I am getting at is the idea that as that astute observer of the young American republic in the early 19th century, Alexis de Tocqueville noted, democratic republics are *democratic societies, not simply democratic systems of government*. And while we have had a peaceful transition from one government to another (here reminding ourselves as we always should that democracy is first and foremost a non-violent means of decision-making and disagreeing with one another), we have yet to hear or see the deliberations of Ireland *as a democratic society*. And in many ways this is a much more difficult issue than merely 'throwing the bastards out', gratifying and cathartic though that may be. Here, though it deserves more time than I can give it, we note the demise (but not disappearance) of the Catholic Church in Ireland—due to clerical sex abuse and the church's cover-up and the institutional abuse scandals—the fall of this institution at the very time when many people would look to religion for consolation in such troubling times. And I speak here, if I may add a personal note (another deviation from normal academic best practice), I speak here as someone

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<sup>24</sup> D. Ferriter, 'The Irish people's act of revenge', *Guardian*, 23 February 2011 (emphasis added).

raised as a Catholic, but who is and has been for all my adult life not simply a lapsed Catholic, but a completely collapsed one. Yet, even I, as much as a Irish citizen as an Irish humanist, can see the comfort denied or perhaps at least compromised to some degree, to my fellow citizens by the decline in the standing of the Catholic Church, which rather like Fianna Fáil, dominated the cultural and moral life of the nation for decades since the foundation of the state. If I were to be so bold as to offer advice to the church it would be that its recovery will be found in the moral authority it earns from working with the poor and not from canon law coming from the papacy.

There are cultural resources that need, in my view, to be mobilised now in Ireland, as a necessarily accompaniment to provide the possibility that the political and economic reforms now under way are the beginning, a beginning and not the end of a transformational process. But this can only be done on the basis of seeing Ireland as a society, a democratic republic and not an ailing economy, which needs to get back to the way things were before the crash. As a democratic republic, the people, the citizens are sovereign, yet their sovereignty has been severely constricted, yes, but not eliminated. And Ireland as a society with an economy, and not an economy masquerading as a society, needs to have an open and honest, frank and brutal conversation about the culpability of ordinary citizens in their part in the crisis, without for one moment reserving the greatest responsibility for reckless bankers and property developers and a regulatory regime and government system asleep at the wheel. But I do think, and here I would expect some negative comment, the Irish people, Irish society as a whole needs to go through something akin to a grieving process. Just as in the famous Kübler-Ross grieving cycle, perhaps what we have recently witnessed are the first stages—denial (by the former government) followed by anger (by the people at the recent election)—but still people (and the current government it seems) are yearning after something that has passed, wishing to return to a new version of the busted flush of what I call the ‘buildings, banks and boutiques’ neo-liberal model of development—property speculation, finance and debt-based consumerism. And part of the reason for this—while of course lessons have been learnt about managing property bubbles (and here one hopes China has looked at the lessons of Ireland) and the need to regulate finance—there is a dismal lack of creativity and imagination in thinking ‘what next?’, what can replace the neo-liberal, low-tax, export-orientated, FDI-chasing model? There is little sign of either governmental or popular support or acceptance that there are forms of economic prosperity beyond economic growth, neoliberalism and collateralised debt and that looming issues around peak oil and Ireland’s oil vulnerability will perhaps dwarf the current fiscal and economic crisis of the state. In other words, and returning to the grieving cycle analogy, we have yet to see signs (apart from civil society initiatives such as *Claiming our Future*) of some sort of acceptance and responsibility for our plight and some sense of ‘moving on’ to something new. And this something new, I

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suggest below, has centrally to do with the recovery of the primacy of politics and values and above all the implementation of a new ‘development model’ for Ireland.

Here I think culture and the role of poets, artists and musicians are as important as politicians, protestors, analysts and commentators. As the Irish novelist Colm Tóibín noted last November:

Now, more than ever, the role of culture to delight us—to make images and offer moments which will have strange power or even a mysterious and insistent powerlessness—is more important than it has ever been. After the fall of Parnell, when Ireland seemed at its lowest ebb, when politicians and church leaders seemed to have done their very worst, when there was an abiding sense in Ireland of darkness and despair, WB Yeats saw something which interested him. He saw a country which was like soft wax which could be moulded and reshaped and he saw a crucial role for artists and for artistic activity in that remoulding.<sup>25</sup>

While it may sound typically academic, intellectual (and not a little elitist perhaps to some ears) to focus on ‘cultural renewal’ while thousands of people are leaving Ireland, clinging to keep their homes and suffering, I would contend that we can walk and talk at the same time as it were. If, a big if mind you, but if we are interested in a renewal, re-founding and transformation from this moment of crisis, then there has to be cultural renewal. Or rather, what I mean by this is that institutional and political and economic reform needs a counterpart in social and cultural reform.

### **The need for a new development model: beyond orthodox economic growth**

The existing Irish model of development defines development as orthodox economic growth which uses the level of GDP (a measurement of the total value of traded goods and services produced in Ireland) as a measurement of development and social progress. A lot of my academic research for 20 years has been on criticising orthodox economic growth as a measure of social progress but I won’t bore you with my detailed analysis here—I’ll save that for boring some other people at ANU next Friday and the Universities of Melbourne, Sydney and Adelaide next month. However, as Peadar Kirby and Mary Murphy note:

economic growth ... is limited and misleading for the following reasons. It says nothing about whether growth is sustainable, that is, if it can look after the needs of today without jeopardising the needs of future

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<sup>25</sup> C. Tóibín, ‘Spreading the real news from Ireland’, *Irish Times*, 18 November 2010, available at [www.irishtimes.com/news/paper/features/2010/1118/1224283615611.html](http://www.irishtimes.com/news/paper/features/2010/1118/1224283615611.html).



generations. It says nothing about how national income is distributed between regions, social classes, men and women, age groups or ethnic groups. It does not include any assessment of the value of unpaid work, including care work done by women. It places positive value on activities that actually harm the environment (e.g. driving motor cars) and places less value on constructive activities that sustain the environment (e.g. cycling). Finally it includes the value of profits made in Ireland but transferred abroad.<sup>26</sup>

Or as Robert Kennedy put it over 40 years ago:

Too much and too long, we seem to have surrendered community excellence and community values in the mere accumulation of material things. Our gross national product ... if we should judge America by that—counts air pollution and cigarette advertising, and ambulances to clear our highways of carnage. It counts special locks for our doors and the jails for those who break them. It counts the destruction of our redwoods and the loss of our natural wonder in chaotic sprawl. It counts napalm and the cost of a nuclear warhead, and armored cars for police who fight riots in our streets. It counts [rifles and knives], and the television programs which glorify violence in order to sell toys to our children.

Yet the gross national product does not allow for the health of our children, the quality of their education, or the joy of their play. It does not include the beauty of our poetry or the strength of our marriages; the intelligence of our public debate or the integrity of our public officials. It measures neither our wit nor our courage; neither our wisdom nor our learning; neither our compassion nor our devotion to our country; it measures everything, in short, except that which makes life worthwhile. And it tells us everything about America except why we are proud that we are Americans.<sup>27</sup>

Or Irish for that matter. Economic growth can also be jobless or simply indicate the growing unequal distribution of wealth in an economy. Ireland's dominant model of development currently rests on values of individualism, income maximisation and economic growth as an end in itself rather than as a means to social development, and the domination of the policy-making process by a narrow political and economic elite. Here, Ireland could do well to examine the development approaches of other small

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<sup>26</sup> P. Kirby and M. Murphy, *A Better Ireland is Possible: Towards an Alternative Vision for Ireland*, 2008, available at [www.ul.ie/peadarkirby/kirbypublications\\_files/CP001\\_Screen.pdf](http://www.ul.ie/peadarkirby/kirbypublications_files/CP001_Screen.pdf), p. 33.

<sup>27</sup> R. F. Kennedy, 'Address', University of Kansas, 18 March 1968.

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states such as Finland, as there are examples of ‘models of development which are compatible with both growth and equity and can realise strong social outcomes while maintaining and reinforcing competitiveness’.<sup>28</sup>

The new development model that Ireland could implement is one where the Irish state turns from being a ‘competition state’ which prioritises economic competitiveness and orthodox economic growth over social cohesion, equality and welfare, towards a developmental welfare state, part of which is to wean Ireland off being a low-tax, low social expenditure/social protection, low indigenous innovation, FDI-dependent economy. As Nigel Boyle puts it, ‘Contemporary Ireland is an exemplar of the competition state, where social policy is subordinated to the needs of the economy’.<sup>29</sup> This needs to change. It is worth noting here that

the Irish percentage of GDP spent on social protection (18.2 per cent) continues to compare badly with not only high spenders France (31.1 per cent) and Sweden (30.7 per cent) but also the EU-15 average of 27.5 per cent, the UK (26.4 per cent) and countries like Greece 24.2 per cent and Portugal 25.4 per cent.<sup>30</sup>

Former Taoiseach (prime minister), Garret FitzGerald, voiced the concerns of many when he asked:

Why is it that, with a level of income higher than that of 22 of the 27 EU states, our public services fail to look after children in need or to care for the ill and the old; fail to make any serious attempt to rehabilitate our prisoners; and fail to ensure access to clean water—not to speak of failing to provide efficient competitive public transport, just to mention a few of our more obvious public service deficiencies.<sup>31</sup>

If not at the height of an economic boom, when the coffers of the state were overflowing with tax revenue—when?

It is vital, I think, that public policy be focused on the firm basis that the economy is a means to an end, and not an end in itself. Orthodox economic growth by this argument is less useful or helpful for giving us an indication of progress in society than a

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<sup>28</sup> Kirby and Murphy, *A Better Ireland is Possible*, op. cit., p. 32.

<sup>29</sup> N. Boyle, ‘FAS and active labour market policy 1985–2004’, *Studies in Public Policy*, no. 17, 2005, p. 16.

<sup>30</sup> P. Kirby and M. Murphy, ‘Globalisation and models of state: debates and evidence from Ireland’, *New Political Economy*, no. 16, 2010, p. 36.

<sup>31</sup> G. FitzGerald, ‘End of asset boom reveals foolishness of tax cuts’, *Irish Times*, 11 October 2008, p. 14.

conception of progress or prosperity based around measuring how well the most vulnerable in society are doing, how we look after our old, our sick, our children, rather than simply focusing on GDP growth or stock market figures (important as these may be as means). Ultimately it is a question of values and priorities—are we a society or an economy? It is to be hoped (though perhaps not to be necessarily expected) that some of the current coalition government’s proposal—perhaps around the constitutional convention proposal—might contain an opportunity for this type of public debate and genuine engagement with citizens qua citizens rather than simply as voters or taxpayers.

The new government will continue implementing the austerity measures aimed at returning Ireland’s fiscal deficit to under the limit of three per cent of GDP by 2015. As such, Ireland’s economic trajectory of weak domestic demand offset by strong export growth will continue. To translate, this is, at present, ‘jobless recovery’ or ‘jobless economic growth’, as one can see if one examines the strong export figures for Ireland alongside a stagnant domestic economy and of course amongst the strong export figures we need to place the fact that Ireland is once again exporting her people with massive emigration (which of course you have seen and hopefully you will benefit from here in Australia). Unemployment is currently running around 14 per cent and there is a curious 1980s feel about contemporary Ireland, in the return to high and persistent levels of unemployment and the potential scarring of a generation from this experience of joblessness, job insecurity and forced emigration, not to mention the unrecorded personal misery and social despair of unemployment.

As Paula Clancy, former director of the think tank—TASC (Taskforce for Action on Social Change) notes:

*The absence of a debate on the type of society we want means that, by default, economic growth becomes the sole societal objective.* Embedded in this way of thinking is the assumption that economic growth is inherently neutral, which it is not. What happens here is that society becomes a slave to economic growth and we have seen during the last two decades that this produces a number of undesirable outcomes:

- increasing inequality...
- endangered environment—unfettered economic growth is clearly unsustainable...
- personal fulfilment—there is increasing evidence that, no matter how much wealth is generated, the resulting rise in expectations creates a persistent dissatisfaction of never having enough.<sup>32</sup>

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<sup>32</sup> P. Clancy, ‘Towards a flourishing society’, TASC website, 2010, [www.tascnet.ie/showPage.php?ID=2525](http://www.tascnet.ie/showPage.php?ID=2525) (emphasis added).

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Hence the central importance of politics, political debate and values in relation to how to think about what the economy is for, how it is managed, in who's interest and for what purpose.

And indeed, it also finds an echo ever within (some) official state thinking as represented in the 2009 NESC report *Well-Being Matters*, where it proposes a new development model beyond the 'Celtic-Tiger', one in which a number of new high-level objectives for the state could be changed so that we shift:

- From growth of total GNP to GNP per head to *sustainable growth*;
- From income growth to *a more equal distribution of income*; ...
- From an exclusive focus on income to *a balance between income and better provision of accessible, affordable quality services*;
- From developer-led developments to *planned and sustainable communities*; ...
- From 'survival of the fittest' to *a more egalitarian society*.<sup>33</sup>

The weaknesses of the competition state economic model was that it

exposed the economy to high levels of risk—an overreliance on mobile foreign capital, a speculative property market, a local economy ever more dependent for economic growth on a property bubble fuelled by government incentives and low euro interest rates, and a lightly regulated financial sector.<sup>34</sup>

We need to learn the painful lessons of, but more importantly begin to *creatively think beyond, this model*. Part of this new economic thinking should be the removal not just of 'market distorting subsidies', such as, I would point out in passing, the need to identify and phase out the carbon subsidies locking us into an outdated fossil fuel infrastructure, seeing as I am speaking here in Australia in the midst of your political debate about a carbon tax. But much more importantly to recognise and eliminate what I would call 'economy distorting dependencies'—in the Irish case, dependence on foreign multinationals to provide innovation, jobs and investment (and to a much lesser extent corporate taxes). And in thinking beyond the failed Celtic Tiger developmental model, we also need, I would suggest, to think of public policy beyond orthodox economic growth.

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<sup>33</sup> National Economic and Social Council (NESC), op. cit., p. xix.

<sup>34</sup> Kirby and Murphy, 'Globalisation and models of state', op. cit., p. 34.

### **Where's our 'green' Whitaker?**

In the context of the severe crisis Ireland faces—which for me goes beyond the current economic/financial crisis but should be viewed as a 'triple crunch', to also include climate change and energy insecurity—it is perhaps timely to ask whether we need a new T.K. Whitaker, the senior and much lauded Irish civil servant who helped modernise Ireland in the late 1950s? Just as Whitaker penned the 1958 *Economic Development* report which signalled a step change in Irish economic/industrial policy, where is the equivalent today to produce a 'Sustainable Development' policy document? Just as the need for Ireland to promote economic growth, develop an industrial base and begin the shift from a largely inward, partly autarkic and agricultural economy were some of the headline objectives and context of the 1958 report and program, surely we are in need today of similar bold, innovative and mould-breaking policy thinking?

Whereas Whitaker's vision was for a more internationalised, open, competitive industrialised Ireland, what is the vision, or visions, for today? My own preferred indication lies in *A Green New Deal*<sup>35</sup>—elements of which one can find in the *Building Ireland's Smart Economy* document drafted by Brian Cowen's chief economic adviser, Peter Clinch (an environmental economist interestingly), in December 2008<sup>36</sup>, but also in a range of UN, European and other official documents, businesses and academia. While I think there needs to be a discussion of the merits of that document (elements of which can be seen in the new Program for Government) and the commitment to a 'Green New Deal', I am more interested in what people think about the need for a 'Green' Whitaker. And in focusing on Whitaker, I am less interested in the equivalent detail of what we need today, than in the issues of intellectual leadership, policy innovation and the courage to break with previous economic policy. In short, what I am indicating here is the need for policy and political innovation in the search for a better, more sustainable (and not just in the financial sense), more inclusive development model.

If, as I hold, we are at the beginning of the end of the oil age, where the transition to a low-carbon economy is as inevitable as death and taxes, it would be important for any government, not least one in as big a hole as the Irish one, to seriously think about how it can manage this inevitable transition to its best advantage, rather than having such a transition thrust upon it from the outside (much like the IMF/ECB bailout). For it sadly seems to me that there is a desperation within business, most academics and

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<sup>35</sup> Green New Deal Group, *A Green New Deal: Joined-up Policies to Solve the Triple Crunch of the Credit Crisis, Climate Change and High Oil Prices*. London, New Economics Foundation, 2008.

<sup>36</sup> Department of An Taoiseach, *Building Ireland's Smart Economy*, 2008, available at [www.taoiseach.gov.ie/eng/Publications/Publications\\_2008/Building\\_Ireland's\\_Smart\\_Economy.html](http://www.taoiseach.gov.ie/eng/Publications/Publications_2008/Building_Ireland's_Smart_Economy.html).

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especially the senior policy-making community in Ireland, to cling onto ‘business as usual’, to hope and pray that the current economic crisis will pass and that the only serious issue is how long we have to ride out the storm till it passes and we can go back to where we were. Even Thomas Friedman (once chief cheerleader for neo-liberal globalisation and author of books popularising neo-liberal globalisation such as *The World is Flat* and *The Lexus and the Olive Tree*) has recognised that perhaps the current crises represent the end of an unthinking commitment to orthodox economic growth at any cost. As he put it in a piece for the *New York Times* in March 2009:

Let’s today step out of the normal boundaries of analysis of our economic crisis and ask a radical question: What if the crisis of 2008 represents something much more fundamental than a deep recession? What if it’s telling us that the whole growth model we created over the last 50 years is simply unsustainable economically and ecologically and that 2008 was when we hit the wall—when Mother Nature and the market both said: ‘No more’.<sup>37</sup>

This clinging to ‘business as usual’ is a recipe for disaster, where a poverty of imagination about using this crisis to begin our overdue economic detox from carbon, utilising our indigenous sources of renewable energy and developing some fresh thinking about what Ireland’s economic model of development should be in the 21st century, will ensure we miss this once in a generation opportunity, as Whitaker did, to outline a different path and vision for Ireland. So, if there is no ‘Green Whitaker’, surely we need to find one? And fast.

It is interesting and hopeful that the new agreed Program for Government does commit the new government to implementing key elements of the *Smart Economy* proposal, though largely limited to the ‘digital Ireland’ proposals, cloud computing, Ireland as a digital gaming hub, tourism and international education. There is some mention of support for the ‘green economy’. There is a commitment for ‘pay as you save’ energy efficiency home schemes and support for positioning Ireland as an international player in the carbon management market and very welcome support for more co-operatively owned renewable energy projects.<sup>38</sup> It is, however, noticeable that addressing Ireland’s dependence on imported fossil fuels and a transition to a renewable energy economy and society are conspicuous by their absence. This for an island nation that a) is extremely vulnerable to fluctuation in external oil prices and supply shocks and b) has abundant renewable energy sources in wind, wave, tidal and biomass.

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<sup>37</sup> T. Friedman, ‘The inflection is near’, *New York Times*, 7 March 2009, available at [www.nytimes.com/2009/03/08/opinion/08friedman.html](http://www.nytimes.com/2009/03/08/opinion/08friedman.html).

<sup>38</sup> Fine Gael/Labour, op. cit., p. 13.

**Conclusion: meet the new boss/coalition, same as the old boss/coalition?**

It is already clear that like the new coalition government in the UK, the incoming Irish Government will do its best to blame as much of the austerity measures it will oversee as it can on the previous administration, claiming things are worse than forecasted, much public rhetoric about ‘mismanagement’ and ‘lack of transparency’ and only finally ‘seeing the books’, etc.

The new Irish coalition government has committed itself to the existing budgetary measures as part of the previously announced austerity programs for 2011 and 2012. While doubtless there is something in the official rationale of accepting the previous administration’s budgetary adjustment plan, ostensibly to ensure and restore ‘credibility’ and certainty about Ireland to the international finance markets (as the Program for Government puts it), and equally important to reassure Germany, France and the UK (our European partners), and the International Monetary Fund. However, it is also classic *realpolitik*, since this period 2011–12 accounts for the bulk (60 per cent) of the aggregate austerity program. This of course allows the coalition to ‘blame it on the other guy/coalition’ rather than be implicated themselves. This allows them to portray the austerity measures as (partly) ‘legacy issues’ of the previous government’s mismanagement/bad decision-making, which the conditionality of the bailout and the twin external pressures from the European Union (motivated as much by a desire to protect the stability of the Eurozone than helping the Irish people), and the IMF (to get its money back) has ‘locked in’ with little room for manoeuvre (beyond perhaps renegotiating a better interest rate). There is no alternative.

This much scripted political drama is to be expected as Act I of any post election period where it is only politically astute to blame any pain the electorate may feel on the previous government. It’s the equivalent of calling in a plumber who when presented with the problem draws breath through clenched teeth and says ‘what sort of clown did you call before?’, before adding after a suitable pause, ‘I can fix it, sure, but it won’t be quick or cheap’. Fixing Ireland’s economic plumbing will neither be quick nor cheap and we should only wait and see how the new government performs in addressing the economic and political roots of the Irish crisis.

I contend that a major part of ‘fixing’ Ireland is to begin to think outside the neo-liberal development model, to begin to wean the economy off an over dependence on attracting footloose capital (foreign direct investment), and wedding ourselves to a low tax and low social protection regime—that is to move decisively away from being a ‘competition state’ and towards being a developmental state. However the signs are (from the agreed Program for Government) that the coalition is seeking to return to some version of the pre-crash economic model. This is largely due to the centre-right Fine Gael party being the main coalition party, and it may be that they will seek to

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take over where the Progressive Democrats left off in pushing Ireland towards Boston rather than Berlin as it were. And while a Labour-led coalition government would perhaps have offered an opportunity for decisive break with this neo-colonial dependent development model, it is to be hoped that they manage to take the blunter edges off the IMF/EU/Fine Gael coalition.

The agreed Program for Government, acknowledges the ‘unknown but potentially enormous cost’ of continuing the bank bailout and the ‘growing danger of the State’s debt burden becoming unsustainable’. As *Irish Times* columnist Fintan O’Toole remarked, ‘This is a polite way of saying we cannot afford the bank bailout, and a sovereign debt crisis is the likely outcome of current policies’.<sup>39</sup> Hence there will be some tough negotiations or at least tough talk about ‘tough negotiations’ with the ECB and Ireland’s European partners (I note in passing that the political debate since the bailout, especially during and after the election has almost erased the IMF from the script). But fundamental root and branch reform of the Irish economic model and strategy? A root and branch reform of the Department of Finance and the removal of key public policy makers who managed and supported the neo-liberal, low tax, FDI-chasing model? A root and branch effort to include citizens in the management of their own economy and society? While there may be some delivery on what the new Taoiseach/Prime Minister Enda Kenny calls the ‘democratic revolution’, i.e. political institutional reforms, there is not much chance of either delivering on a more radical economic revolution (given the externally imposed financial straitjacket which compromises the sovereignty and room for manoeuvre of the Irish Government) and a new development model, nor of realising the full potential of the ‘re-founding’ of the democratic republic.

An important proposal here would be to have a public and open audit of Irish public debt.<sup>40</sup> Debt audits have been used across the world to allow civil society to hold to account those responsible for the damage caused by their countries’ indebtedness. One of the most alarming aspects of the Irish debt crisis is the lack of transparency or clarity on the numbers involved and such a proposal would establish the primacy of democratic politics as an essential part of addressing our economic and fiscal crisis. After all, it is the ‘people’s money’ and taxes that is at stake here.

Ireland is a democratic society not just a democratic system, and certainly not the phrase coined during the Celtic Tiger years ‘Ireland Inc’. Its democratic and sovereign status was hard won, but the recent evolution of the Irish state into a competition state has been at the cost of democratic roots that have insufficiently taken hold throughout

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<sup>39</sup> F. O’Toole, ‘Coalition offering love potion and a chastity belt’, *Irish Times*, 8 March 2011.

<sup>40</sup> A. Storey, ‘Call for a debt audit’, 2011, available at [www.progressive-economy.ie/2011/03/guest-post-by-andy-storey-call-for-debt.html](http://www.progressive-economy.ie/2011/03/guest-post-by-andy-storey-call-for-debt.html).



society and creating strong, accountable and transparent links between citizens and their state. Ireland is also, lest we forget, a republic, and I am reminded here of the evocative statement by one of the founders of the American republic, Samuel Adams:

If ye love wealth better than liberty, the tranquillity of servitude than the animated contest of freedom, go from us in peace. We ask not your counsels or arms. *Crouch down and lick the hands which feed you.* May your chains sit lightly upon you, and may posterity forget that you were our countrymen!<sup>41</sup>

As I stated above, this is a time for the primacy of politics, of values of what sort of society we wish to live in, even as we try to cope with the pressing and interlinked economic, banking and public debt crisis. It is clear that Irish sovereignty has gone from being ‘pooled’ as a member of the European Union, to being compromised as a result of the ECB/IMF bailout, and is being forced to ‘crouch down and lick the hands’ that lend it money.

But perhaps, like most academics and intellectuals I am too harsh, and like those Irish people who don’t live in the Republic of Ireland, and who observe it from afar, I am not close enough to the ground to make accurate judgements. Perhaps, with Fintan O’Toole we should see if the coalition delivers. As he puts it,

it would be churlish not to acknowledge that the coalition deal contains commitments which, if implemented, will amount to the most radical reforms in the history of the State—far more radical, indeed, than the new Constitution of 1937. If the proposed constitutional convention genuinely engages with citizens, it could begin the process of restoring Irish democracy.<sup>42</sup>

However, my own analysis is that what will pass is more likely to be some temporary reform rather than more fundamental transformation of the Irish political and economic systems, the strengthening of Ireland as a democratic society and the implementing of a new, sustainable and more equitable development model. The temporary reforms may work for a while, though rises in the price of oil (now over \$100 dollars a barrel), Middle East instability, Chinese government decisions about its own growing housing bubble and banking system, and its trade policies, may, like the 2008 global financial crisis before it, throw all of these plans astray.

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<sup>41</sup> S. Adams, ‘Speech’ State House of Pennsylvania, Philadelphia, 1 August 1776, in D. Moore (ed.), *American Eloquence: A Collection of Speeches and Addresses*. New York, D. Appleton and Company, 1859, p. 328 (emphasis added).

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So, Fianna Fáil has been humbled, never again to resume its position as the dominant party in Ireland and the ‘natural’ party of government. In this sense the old civil war mould of politics in Ireland, of Fianna Fáil versus everyone else, has come to a welcome end. But there is little sign, as yet, of the demise or humbling of the neo-liberal model of *dependent development*, meaning that when the world economy sneezes Ireland gets pneumonia, and it remains to be seen whether efforts to resuscitate what one could call the ‘zombie economic model’ of the Celtic Tiger will do anything to reverse a return in our neo-colonial status as a ‘developing world country without the weather’. Ireland is now a land where the dead walk amongst us in the form of dead economic thinking, a failed economic model, where we have ‘zombie banks’, ‘zombie housing estates’ all presided over by what Australian economist John Quiggin aptly terms ‘zombie economics’.<sup>43</sup>

However, the ‘Celtic Tiger’ was not some unplanned or unmanaged process, but one actively and carefully managed and nurtured by the Irish competition state, and supported not just by Fianna Fail, but almost all political parties, economists and media commentators in Ireland I hasten to add. Ireland is not so desperate that it is a ‘failed state’. It is still, by any measure a wealthy (though highly unequal) country, with a vibrant culture, and a young and educated population and therefore there is no danger of Queen Elizabeth when she makes her historic visit to Ireland in the summer being told ‘Well Liz, we tried to make a go of it on our own but it’s just not working out, so can we rejoin the United Kingdom?’

But to remake, restore and perhaps re-found Ireland, we first and foremost need to see the current crisis and election as an opportunity to establish the primacy of politics, of democracy and of values, as a necessary precondition to sorting out the economy. Even under the limited room the Irish state currently has due to the external demands of both the EU and IMF, and international financial markets, it is not without the capacity to act. If the new government—together with other social partners, businesses, unions, civil society and civil servants and perhaps, perhaps if it reaches out and includes at least some elements of the Opposition to come close to being a government of national unity—so chooses, it can help steer the economy and society in a new direction. It is a matter of political will and leadership, vision (and luck). But it is also a matter of values and having the courage to question self-evident ‘truths’ such as orthodox economic growth, and consider that a post-Celtic Tiger Ireland is also a post-orthodox economic growth one. As Tim Jackson has noted, ‘Every society clings to a myth by which it lives. Ours is the myth of economic growth’.<sup>44</sup> Perhaps

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<sup>42</sup> O’Toole, op. cit.

<sup>43</sup> J. Quiggin, *Zombie Economics: How Dead Ideas Still Walk Amongst Us*. Princeton, Princeton University Press, 2010.

<sup>44</sup> T. Jackson, *Prosperity Without Growth: Economics for a Finite Planet*. London, Earthscan, 2009, p. 5.

Ireland could lead the way (and following other countries like Bhutan and Thailand to a lesser extent) and seek to replace this particular modern myth.

To use a by now well-worn phrase still doing the rounds in Irish politics, ‘we are where we are’ and not where we would wish to be. But while where we are is painful, it is not hopeless. And just as a former US President found out that ‘Yee haw’ was not a foreign policy, the Irish people’s recent act of revenge against Fianna Fáil is only a necessary first step in the recovery of the republic. There also needs to be some ‘plain speaking’ about the corrosive culture that was cultivated during those years which acted as a social mirror of the ‘lean and mean’ Irish competition state.

The question facing the Irish people, which the recent election has only partially answered, is this: the republic is threatened—*who* will stand by the republic and, as another bearded student of politics from the early 20th century put it, ‘*what* is to be done’?



**Question** — How sustainable is the Irish sovereign debt? I really don’t see that the Irish are going to be able to pay back this debt and, with the benefit of hindsight, I was wondering whether you thought that death by a thousand cuts is worth it when maybe the best thing for Ireland was to actually let those banks fail and start anew? The other question is whether in these circumstances you would see the possibility of double-dip recession in Ireland?

**John Barry** — I’m convinced we are entering into double-dip recession and not just in Ireland. Oil is now back up to just under \$100 a barrel, a major determinant of volatility globally. In Ireland there was a lot of talk that we should have let the banks go to the wall and not bail them out and there is also talk of this fateful meeting in September 2008 which is the stuff of drama. You could imagine in the years to come somebody will do a documentary or a recreation of it. The banks basically said to government, ‘Listen, we can’t open tomorrow, give us the money’. It’s now clear that there was an element of creative ambiguity, that the banks weren’t fully honest with the Irish Government, and there is also now talk which more recently came out that the European Central Bank also had a major role in telling the Irish Government to bail out the banks. The bigger picture here is what Ireland represents for the Eurozone. You’ve got the PIGS economies: Portugal, Ireland, Greece and Spain. These are the most threatened economies. There was the fear of a domino effect; that Ireland might go to the wall in the way that Iceland did. Alongside the proposal letting

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the banks go to the wall there have also been proposals, perhaps most associated with the left in Ireland, of leaving the Eurozone, looking to Britain which although it suffered, hasn't suffered as much.

So in my view, I certainly think that we need a functioning banking system. With the levels of toxic debt sloshing around in the Irish banking sector, some of which could have been more safely sequestered, my real concern is that we have now socialised risk but not the benefits. Irish people now own large sections of their banking system and, as I and other commentators have proposed, why not transform some of these now state assets into a green investment bank to begin to connect with the other issue I mentioned, the major blockage now in the development of a low-carbon economy from financing and investment and so on. So my view is that there was a missed opportunity there to use the socialised banking system as a way of providing investment funds not just for small to medium enterprises, but also for the transition to a low-carbon economy.

**Question** — Is there anything in your studies to suggest that any of the politicians who are elected might have sufficient intestinal fortitude to bring to book some of those miscreants who purloined all the resources and would the judicial system be capable of handling the large numbers who would be involved? Has the rebellious fighting spirit gone out of the Irish completely in that they didn't respond like the Icelandic people had sufficient guts to do when they were faced with much the same sort of situation?

**John Barry** — I went to a high-level conference convened at Croke Park late last year at which the trade unions were represented and this question came up—the issue of why isn't the trade union actioning people Greek-style, as it was actually Greece rather than Iceland that was being used. David Begg, who is the most senior trade unionist in Ireland, intimated that on that fateful night in September 2008 it wasn't just the banks and the government that met it was the police and the army, that there were real concerns of social breakdown as a result of the collapse of the banking sector. You could see how that could add to reasons why in the heat of the moment for fear of social disintegration the government bailed out the banks for fear of something much worse. Regarding the fighting spirit of the Irish, you could say if you look below the formation of the coalition government there has been a decisive shift to the left. More people voted for left-wing candidates if you include Sinn Féin, Labour, independents and the more established far left parties than voted for Fine Gael. So there was an opportunity and you could say it is partly the strategic decisions that the Labour Party made because before they entered government recently some of their own backbenchers said 'listen, don't go into government with a centre-right Fine Gael government, they have enough numbers that with independents they could

almost have a single-party government' and that Labour should be leading the progressive left-wing opposition against the imposed austerity cuts. The discussions obviously came to nothing because Eamon Gilmore, Labour Party leader, is now Tánaiste, our deputy.

In terms of the malfeasance and crime, in Ireland there certainly have been police investigations into some of the corrupt and criminal activity of bankers and property developers. We haven't had yet the equivalent of what they have had in America, of seeing people in handcuffs being brought to court and going to jail. The current government, if you read its Program for Government, wants to put in place legislation to prevent what happened to stop some of these people going to court, they simply transferred their assets into their wife's name. There are a lot of famous cases in Ireland of people who actually did do something wrong but they transferred their assets into their wife's name so that they would be protected from the Irish state. I don't know if I should mention as well the closing down of tax loopholes. The Irish collapse in its tax revenues is not just to do with the collapse of the economy it is also about closing off tax havens which also need to be accounted for as well.

**Question** — Some would say it is a race between Ireland, Greece and Portugal to see who will be the first to fold but the indications are that there will be defaults. Do you think that's likely, and if that's the case, what kind of implications do you think there might be both within Ireland and, perhaps more importantly, for the financial system?

**John Barry** — Today in Europe our new Taoiseach, Enda Kenny, has to go to Europe to begin this inevitable process of restructuring the debt. My own view is that we are on the path to defaulting simply because there is no way, even with a good string of luck, that we could begin to address the sovereign debt issue. Ireland could do cuts very well but what's not clear is where the growth is going to come from. Here you are going to see major differences between the two parties currently in power because the Fine Gael party wants to cut public services whereas the Labour Party wants to put up the taxes. So there is a debate on which of those would stimulate the economy more. In other words, at the very time the economy needs some Keynesian counter-cyclical pumping of income into the economy, it isn't happening. My own view is that I don't think that there is a hope in hell of Ireland being able to keep up with its sovereign debt. It could use this to its advantage if it makes an alliance with the other PIGS, Portugal, Greece and Spain, and almost puts a gun to their own head where if we go down the Eurozone is going down. So what's happening now, and many people have argued this, is that for the sake of German bond-holders and the Eurozone, the Irish people are now bearing the burden for carrying the credibility of the European system. So I think there is going to be some very hard talking. All that has been talked about at the moment is maybe we can

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reschedule the interest rates. That was done back in November 2010. But I think there are going to be some major repercussions, that Ireland could actually use its weakness as an advantage if it makes an alliance with some other potential defaulters and then say ‘listen, we are going to rethink here’ because it is clearly unsustainable and in a financial sense Ireland is on the path to renegeing on its sovereign debt.

**Question** — What control system has Ireland in place now to ensure that this past financial event cannot happen again and what is the Irish education system doing to teach their young people how to use financial policies and services safely for their own future?

**John Barry** — There is a wonderful phrase I’d like to begin with: ‘She uses statistics like a drunk uses a lamppost—for support rather than illumination’. One of the most powerful skills our citizens need to learn is to understand not just basic economics and indeed basic science but also basic statistics because our political debate—and I’m sure it’s the same here in Australia—has become this bandying of figures. Growth in real terms has gone up, but most people don’t understand what that means. So I do think there is an issue in not just financial education and skills learning but also a basic understanding of maths and statistics. I’d certainly support that as a democratic republican. In a sense, this is how you empower citizens to pull apart the often arcane and frankly disingenuous way in which politicians will use figures in any way they want. In terms of the debt issue we need to separate out the sovereign debt and the banking crisis. They have become inextricably linked because of this debt guarantee problem. And it seems clear that the light regulation that went on in Ireland will not happen again. It will not happen across the world. One of the impacts of the global financial crisis is that we are going to have a much tighter separation of assets and investment banking and so on. So I don’t think that we are in immediate danger of returning to what we’ve had.

In terms of the role for Ireland it goes back to my main premise that I the fear that Ireland wants to go back to the model it had before. In other words what replaces buildings, banks and boutiques? What is the new development model? And there really is little real thinking beyond—a bit like Dorothy in the *Wizard of Oz*—clicking their ruby slippers wishing ‘Let’s go back to 2008. Let’s go back to 2008’. I think that’s quite characteristic of most governments across the world. My view is that this buildings, banks and boutiques model is a busted flush. It is a dead parrot. We need to move on and try and find something new. I’m not saying that I am suggesting that I know the answer. I think that the low-carbon green economy is an element of it, innovation perhaps, nano-technology, there are a whole range of options there, but the idea that we can return to what we had before is simply mischievous, misleading and mythical.

**Question** — Democracy as we see it now, with the representative system, is just not working. You know what happened in Australia, a hung parliament, a minority parliament. What do you think we can replace it with? We can't all be here like the ancient Greeks in the agoras every day. They went there and checked what the representative was saying. What do you think we should replace it with?

**John Barry** — I am a visiting fellow in a centre for deliberative democracy at ANU and it does seem to me that there are examples of not so much replacing representative democracy, but supplementing it. There are a range of options and I'll just throw out some. One is the idea of participatory budgeting. The most famous example is Porto Alegre in Brazil where ordinary citizens can decide on the priorities of a certain proportion of the municipal budget. It's not just about getting power, it is also about responsibility. I do think that there are things like citizens' juries and assemblies. I think we should draw the distinction between decision *making*, which should be made by elected politicians, and decision *recommending*. So I think there are a range of democratic innovations, institutional and other ones, more based on reinvigorating citizenship that we can look at. I would also say that the importance—although it can be overblown—of looking at modern communications technology in terms of engaging in a virtual forum of ideas. Because you are right, we cannot return to what we are engaging in here today—face-to-face debate and discussion, although that still can happen on specific issues.

Once you recognise that the system is not working, that we are citizens every couple of years when we vote in an election, and in between that we are simply taxpayers. But how can we reinvigorate a sense of citizenship? I wouldn't say it is about replacing our existing citizenship but supplementing it. But it begins by recognising that the system is broken, because if you don't think that it is broken you are just going to get a reaction that says we don't need any of these things. We've noticed an alarming drop in people voting in elections and I think that is quite a worrying proposal because what it means, as somebody who earned my political spurs as a politician in student union politics, is that in the vast majority of student union politics around the world (only five or 10 per cent are engaged in it) what you end up with is the extremes. And that's why I'm delighted to be in a country where you are obliged to vote because one of the things I say to people when they complain about the government is 'did you vote?' and it is amazing the amount of people who say 'well no, I didn't' and I say 'You've got no right to criticise'.





## **Multiculturalism, Assimilation and the Politics of Terrorism \***

*Waleed Aly*

What I've decided to do today is to examine the argument that has emerged in recent years about the relationship, if any, between multiculturalism and terrorism. The starting point for this is to make an observation about multiculturalism and the way we talk about it. The public discourse that surrounds multiculturalism is one that has actually changed quite radically in the last six years and not just the discourse around multiculturalism but the discourse around migration generally. Migration discourse, particularly anti-migrant discourse, tended to have an economic or cultural flavour. People who did 'funny' things, cooked 'funny' food, had too many people living in one house, dropped property prices in your area, took your jobs—that sort of rhetoric. That all changed on 7 July 2005 when the tube in London was bombed in what we, I think, call the London bombings but everyone else calls 7/7 after the date. This was a really radical moment for our political conversation and completely refreshed and renewed debates about multiculturalism.

It was in many ways, and this might strike you as a controversial statement, a more significant event than 9/11. September 11 obviously has obvious significance—three thousand people died, the biggest terrorist attack on US soil, possibly one of the biggest in human history in terms of the numbers of lives lost—but 9/11 was limited in its impact in two ways. I don't mean that it was insignificant in its impact, it was clearly hugely significant, but there were limitations to its impact. One is that I think the way it looked meant that it was a totally different terrorism conversation to one that we would have had previously. This was a terrorist attack that was cinematic. It looked surreal, it looked fictional and there are probably many people in the world who still think that it is fictional but it was not old-style terrorism in that it wasn't something that had grit, something that intersected with your daily lives. It was a highly symbolic act. It is actually probably the most meticulously designed terrorist attack for the media age. It attacks a symbol that is clearly visible and it's perfectly designed. You hit one tower, you wait 15 minutes for the cameras of the world to focus attention and then you hit the second tower and so you have probably the first time ever that a terrorist attack has been caught live. I don't think that that has ever happened. It's not the nature of terrorist attacks and that's gold for terrorists because that's publicity, that's what you want.

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I've read a really interesting analysis about 9/11 from some academics who were actually looking at terrorism in film, so a slightly different area. One of the points they made was that 9/11 for a good while killed off terrorist films as a genre because there was nothing to say after that. There was nothing to escalate. September 11 was so surreal and films really gain their currency on creating scenarios that are surreal, that are beyond our experience of reality, which is what gets us excited. They don't usually put life on TV unless they're perhaps making an adaptation of an Anton Chekhov novel or something. I haven't seen that happen yet. This is not the way that film proceeds.

The other respect in which 9/11 was not significant, or not as significant as the London bombings, was that it still fit the old paradigm of terrorism as something that comes from without, as a problem that you essentially import. People come from other countries, either as migrants or just as visitors in some capacity. They come from outside and then they attack. In that way it was a more comfortable thing to deal with than London because London completely changed the paradigm. Now you had people born and raised locally who grew up and undertook terrorist attacks and not domestic terrorist attacks. Terrorism from the home-grown population is actually not new. Especially in the United States, as it happens, and it's still happening in the United States with probably a regularity that might surprise you, it just doesn't attract as much reporting. This was odd because it seemed like an international terrorist attack from within but what it was really demonstrating was that in a globalised world and in a cosmopolitan world, the distinctions between international and domestic are really breaking down.

Some academics are fond of making up words and have started using words like 'intermestic'. I'll leave it to you to decide whether or not that's useful or means anything but it does attempt to capture that the boundary between what is domestic and what is international is blurred and the London bombings really captured that. But they introduced the home-grown terrorism idea. It was not an idea that we had been preoccupied with even though we had had it in Australia. There had been terrorist attacks committed by Australians but not for a long time and not of any huge significance in the way that 9/11 or the London bombings were. This changed the discourse and it set off a new conversation about multiculturalism. Suddenly multiculturalism, which actually wasn't being discussed a huge amount, moved from a conversation about the politics of culture and perhaps the politics of economics to a different conversation about the politics of security. Now it's not that migrants were coming to steal our jobs, they were coming to kill us, and if they weren't then their kids were. That's a very different tone of conversation all of a sudden.

Multiculturalism has found itself in the dock in a way that it hadn't in the past partly because there had been really quite a lull in Australian political conversation about multiculturalism in a way that was antagonistic to it. It had become almost orthodoxy. That became radically called into question after the London bombings. The argument into which multiculturalism was conscripted as a security discourse was an argument that multiculturalism has a causal link with terrorism, particularly home-grown terrorism, because what it does is create isolated sub-cultures that are hostile to the host culture and foment them. That is, by giving up on any demands that migrants or people with migrant backgrounds, which is a very problematic way of describing people in Australia especially, should assimilate and by putting forth a state policy that says that 'we all have the right to our own cultural attachments and we will celebrate that', what you do is you create a sociology of separateness. People who say 'fine, it doesn't mean anything to be Australian anymore so I won't be; what I will instead be is someone who is attached to my own culture', for want of a better phrase, and even with that becomes hostile to the majority and then leads to people blowing themselves up. Now I have to say that I think this argument has very little empirical evidence to demonstrate it. It's really a way of theorising about events based largely on pre-existing political dispositions. It was usually that people who had not liked multiculturalism for quite a while now had a different way of attacking it, but nonetheless the argument is there and it remains to be assessed. You may have picked up I'm not terribly sympathetic to it. I'll come to explain it in more detail.

This was the argument: cultural separatism, sub-cultures that become hostile to the host culture and, also, that this becomes a form of cultural surrender on the part of the majority culture. The majority culture has now essentially relativised itself out of existence by virtue of embracing multiculturalism which I think has been described maybe in one of the Australian newspapers as a cultural suicide pact. That was the kind of language that was being used. To assess this argument what we have to do is stop talking about multiculturalism for a moment and talk about terrorism and try to gain some understanding of the dynamics of terrorism. What is exactly going on in the world of terrorism? How is it evolving? What are the forces that play within it?

The starting point is to say 'look, terrorism is not new'. Depending on which book on the history of terrorism you read it's been around for at least 2000 years, probably longer. There are people who have called Samson the world's first suicide bomber. I am not entirely convinced that that's true. You'd have to conduct an inquiry into the motivations of him bringing down the temple. I am not sure that it was political in nature, although that comes down to the definition of politics. Anyway, I'm digressing. The point is that it is old and in many histories of terrorism the first terrorist group that will be mentioned are the Zealots of the first century, a Jewish group who were resisting Roman occupation. They were called the Sicarii and the

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reason they were called the Sicarii, the Hebrew word or derived from the Hebrew word for ‘dagger’, was because that was their weapon of choice. They used to go around the market place and stab other Jews who they felt were complicit with the Roman occupation. The idea was to end the occupation this way.

Later on you had the Hashashin, a Shi’ite group from whom we get the word assassin. Hashashin actually means people who consume hashish. It’s a kind of derogatory title that was given to them and I don’t actually know whether it was true that they consumed a lot of hashish but, none the less, there you are. Another group that will be mentioned, a pre-modern group, is the Thuggee, possibly the longest surviving terrorist group in history, which survived over several centuries in India and from within the Hindu community from whom we get the word ‘thug’. I often say that terrorism has contributed significantly to the English language, if nothing else. The point here is that it is old.

Modern terrorism begins in the nineteenth century with the anarchist wave out of Russia that actually became an international wave. There are academic descriptions of the history of terrorism that divide it into four waves subsequently. The anarchist wave was the first one, then the post-colonial wave after World War I, then the new left wave around the sixties where a lot of groups tended to use Marxist-type rhetoric and a lot of the post-colonial groups that were still around started to adopt Marxist-type rhetoric around that time because terrorism has its own fashion trends as well.

Then what has been called the religious wave which really begins with the attack on the World Trade Centres in the 90s or the sarin gas attacks in Tokyo—the Aum Shinrikyo attacks—which a lot of people forget about but are very significant in signalling what people thought was a new kind of terrorism. What’s interesting in that, just as an aside, is that the fact that you have a religious wave identified speaks to the fact that terrorism, modern terrorism especially, has been overwhelmingly secular in nature and that’s typically who carried it out, even in places where it has now taken on a religious flavour such as in the Palestinian territories. It’s amazing to think that this even happened in the 90s. Hamas issued a statement defending the charge that Muslims, particularly religious Muslims, were not engaged in the resistance against Israel because it was the secular groups that were engaged in that resistance. It’s hard to imagine Hamas having to release such a document now, things have moved on. This is quite a recent evolution.

So that’s just a very brief history but as for the dynamics of the current terror threat that a nation like Australia faces, that’s an interesting question because here we run into probably the biggest debate amongst terrorism studies people and academics at the moment and it’s the Sageman v. Hoffman debate. Marc Sageman, one of the ‘rock

stars' of terrorism studies, has come up with this idea that terrorism has evolved to be a leaderless phenomenon. This is a new development in terrorism. Typically terrorist groups would be hierarchically structured, quite well organised and networked. You would understand who the leader was, who the second in command was and how that would feed down into a more or less conventional, basically corporate-type structure. Counter-terrorism was easy: you just sought the person who was highest up the chain that you could and you took them out in one way or another. The person that detonated the bomb was not actually that important from a counter-terrorism point of view—maybe from a criminal justice point of view—but as far as counter-terrorism is concerned that's not really the person you are after. The person you are after is high up the chain and if you can take out the CEO then you take out the group, or go some way towards it. So Sageman is saying essentially terrorism now has evolved where it is not conducted by groups that are networked in this way and have a clear leadership structure. It's now conducted by groups of guys, that's not my paraphrasing that's the term that's used—'group of guys' theory—this is what it has become. Part peer pressure, part anti-social behaviour and the sociology that is associated with that and the psychology that's associated with that but not people taking orders from a field commander, in many ways self-starting.

Opposed to that is another 'rock star' of terrorism studies, Bruce Hoffman, who has said essentially that if terrorism is leaderless then I can retire from my job. Of course it has a leadership in its structure and that's a very important thing to consider. The reality is that there are examples of both of these things in the world and I suppose which side of the debate you fall on depends a little bit on which part of the world you are interested in and what groups and what attacks you are interested in. There are still old-school terrorist groups that are active, or are at least pretending to be active, that are networked. What Sageman is focusing mainly on is this emerging thing of 'al-Qaedaism'.

What's implicit in this, and this is important to understand, is that if you take that view then al-Qaeda becomes pretty irrelevant except perhaps as a symbolic entity, that al-Qaeda becomes meaningless—not meaningless but nowhere near as important as perhaps we think. If you could kill, or demonstrate that Osama bin Ladin had been killed, it would change nothing. In fact it might make the problem worse because you've now created someone who is even more symbolically potent than he was previously. Interesting question actually, if you are advising President Obama and you know that Osama bin Ladin is dead or has been killed do you tell him to release that? Would you advise him to do that? What would the consequences of that be? Well, that's a difficult question but your answer to that question probably indicates to some extent whether you're on the Sageman side of the argument or Hoffman side of the

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argument and what I'm doing is appallingly simplistic but for this forum it's the only way I can get through it. That is very important to the central debate.

What I want to say about it is that the threat that is symbolised by al-Qaeda, but is probably more accurately described in Jason Burke's terms as 'al-Qaedaism', focusing on that I tend to be much more on Marc Sageman's side than on Bruce Hoffman's side of the analysis. What I would say in the case of Australia is it seems overwhelmingly true that the terror threat that's faced here is a leaderless phenomenon. So even if you believe that Hoffman is right generally by taking a global view I don't believe that you can say that with any real confidence about Australia and the threats that the Australian authorities are having to face. My reasoning for that is that you have people who have been arrested and charged and some acquitted and some convicted and in every case that's involved groups. There's the odd case of people who have made contact with al-Qaeda—al-Qaeda central I mean—and often those people have left and have not carried out any attacks and are probably not occupying the thoughts of security agencies in the way the other groups are. The groups that have plots that they want to carry out—or even if they haven't had plots, have expressed desires to carry something out—overwhelmingly we are seeing that they are disconnected from well established terrorist groups, not really part of them, they don't really have contact with them.

Even in cases where people have supposed that there were contacts—I am thinking here not in Australia but of the Times Square bombing plot that obviously failed that Faisal Shahzad was trying to carry out—there was an early suggestion that this was the work of the Pakistani Taliban and then there was a suggestion that he had been to Pakistan and trained with them so that he was an agent of the Pakistani Taliban. In the end, and he said as much in court more or less after we had figured it out anyway, he wasn't an agent of anybody. Yes, he had been there and he had got some training—clearly not very good training—but he was not acting for them. This was a self-starting thing.

Shahzad is unusual in the world of terrorism in that he's a lone wolf, which is odd. Terrorism is usually a group activity and there are important psychological reasons for that because you need the process of escalation in a group to carry out those sorts of attacks. He is representative of this leaderless phenomenon in that this is self-starting, perhaps plugging in at times to an infrastructure that is out there, but not necessarily, and not following orders. There is nobody that you could take out to have prevented him from acting that way and in Australia we see a similar phenomenon. Even where there was some suggestion that links were being created between people in Australia and al-Shabab in Somalia and it turned out those links were basically non-existent and if they were existent at all, were meaningless really. The Shabab themselves said 'we

don't know who these people are' which is, incidentally, not something that terrorist groups would say for no reason. Usually they'll claim everything that they can. It's part of the point of propaganda by deed. That's what the original anarchists called terrorism.

This is one of the characteristics of the contemporary terrorist threat: that it is decentralised radically, it has no particular leader, it does not take orders from anyone in particular. Nobody is in control of it, there is no one that can give the order for it to stop. It is a centrally self-starting activity that is deeply embedded, I would say irrevocably embedded, in the structures of globalisation. This sort of terrorism could not have existed in a pre-globalised age. Here something like al-Qaeda becomes important, more for the videos it releases online than for attacks it tries to carry out. If you trace attacks that al-Qaeda has committed you find that there are actually relatively few, which is why in media reports they'll often talk about 'al-Qaeda linked' or 'al-Qaeda inspired'—because it's really the only way to describe it. Even those attacks that are often described as al-Qaeda linked are not really. Some of them are, but really they are linked by global media—global communications.

One of bin Ladin's most important roles is as a film-maker, as a motivational speaker. He sends out messages into the world and he doesn't have any control over what people are going to do with them but there is a hope that it will inspire some level of action, an action that he approves of. He is not the head of a terrorist organisation that is vast and global and has the capacity to strike anywhere. That's not really the way it's working. Nobody is in control of that. It's not to say that we're not dealing with something that is vast and global and could potentially strike anywhere. It's just that no one is in charge of it. That's not a comforting thought but that is, none the less, the way I read the situation.

Another important feature of this is that unlike terrorism throughout history, particularly through modern history, this is a form of terrorism that is not necessarily anchored in the nation state. Traditionally, the way a terrorist group would act is they would act for a patch of land either to try to change the government that presides over it or to secede from a government that presides over it. So separatist terrorism or revolutionary terrorism and the conduct of the terrorist group was overwhelmingly concentrated in the nation state and confined to that logic. One of the key features of al-Qaedaism is that it is global. I say global—not international—because international, although that's a very common word to describe, is not a word that I favour because international still has imbedded within it Westphalian logic. It's still about the logic of the nation-state. It still talks about an entity that exists in or between states. Al-Qaedaism doesn't do that. It seeks to bypass the nation-state as an organising principle for politics. It will attack the nation-state because it's there to be

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attacked and it's an important part of the political reality but it's not necessarily the analytical mode of global terrorism. That's why I think it's global.

What that means is that in order to come to terms with this we need to understand the narrative that informs it, that drives it. Narrative isn't everything but in the case of global terrorism it's the narrative that makes it global. It's the narrative that helps it exist as a decentralised phenomenon. Narratives are important in traditional terrorist groups as well. You need to inspire whatever group of people you've got but in a traditional terrorist group hierarchy and command are just as important. In this sort of terrorist group that's not necessarily the case because there's no hierarchy, no clear hierarchy anyway. It's often described as a flat or horizontally structured phenomenon. Narrative is crucial. The question to ask is what is the narrative that has led to this sort of evolution where terrorism itself has globalised? That's a long conversation but in short it stems from the failure of domestic terrorism from nation-based terrorism throughout the Muslim world. It had been tried, don't forget this, and the early religious terrorist groups—early Islamic terrorist groups—were also nationally focused.

In groups like the al-Gama'a al-Islamiyya in Egypt or Islamic Jihad the focus was to Islamise the Egyptian State. They assassinated a president. They murdered tourists. Why would you murder tourists in Egypt? How else are you going to cripple the economy in the hope of triggering a revolution? As it happens it didn't work out so well. They assassinated a president but not much changed. They killed a whole lot of tourists in the Temple of Hatshepsut in Luxor in 1997—a lot European tourists. It did hurt the economy and Egyptians largely blamed the terrorists, not the government. They didn't like the government, as we have recently discovered, but they didn't blame the government for that. Nation-based terrorism, or what we might call traditional forms of terrorism or Westphalian terrorism, failed.

At the same time you have a group of people who were called, and called themselves, the Mujahideen in Afghanistan, fighting the Soviets or contributing to the fighting of the Soviets. I think that a lot of Afghans don't think that they did a lot, but nonetheless they were there, with US support as part of their proxy war against a Cold War enemy and here are the beginnings of the globalisation of this terrorist movement. Among them are people like bin Laden and suddenly you have people who have become internationally connected but you have global horizons here. They weren't really fighting for Afghanistan; they were fighting for this global Muslim community. This was the beginning of a very important idea. The global community that it would act on behalf of.



You develop this narrative which is very clear when you actually read the statements of bin Laden, for example, which very few people do. I think that's part of the problem actually, that it's not good reading. In fact it's thoroughly boring reading. What we know about bin Laden tends to be what others say about him. What we know about his motivations and what we know about why he says he's doing it often doesn't come from him. When you read through it, apart from getting through the boredom of it, it actually becomes pretty mundane and pretty clear. This rhetoric develops about the near enemy and the far enemy, the near enemy being the dictatorships in the Muslim heartlands, the Middle East. Remember bin Laden began as a Saudi dissident. His aim was to get rid of the Saudi royal family. Eventually he and others who had been through similar experience developed this narrative that says 'the reason you can murder or assassinate a president and nothing changes is because this is not a national phenomenon that you are dealing with, this is a global phenomenon. The dictators that you hate and want to get rid of are supported by Washington. If you want to get rid of them therefore you have to strike Washington'.

The attempt is really to change the near enemy but the argument's now globalised, the struggle is now global because the only way you can change the near enemy is to attack the far enemy. There is other discourse, other rhetoric about how the nation state itself is something that keeps Muslims, this global community of Muslims, which doesn't really exist and never really has, but is keeping this community weak and oppressed and divided. Why is it that you have Muslims sitting on untold riches of oil in the Middle East? Then you have other Muslims starving in Africa. Why is that? It's because of this nation-state model that keeps them divided. It makes them compete against one another. Where did that nation-state model come from? It came from colonisation. So here is the narrative. It's historical, it's global, it explains a lot and it provides a template for action that is global which is important where things that are national have failed and hence it becomes the next wave, the next evolutionary step in contemporary terrorism. But it needs a global narrative; it needs something that really is global.

How do you explain how it appeals, for instance, to Muslims living in the west? Here it gets interesting. The argument essentially becomes: the reason that the far enemy is conspiring against the Muslims to keep them divided is because there exists a vast global conspiracy against Muslims everywhere. They just don't like Muslims. They want to wipe them out essentially, if they can, or at least dominate them. Domination took the form of colonisation but you will find, young Muslim audience member who lives in a western nation, that they are no less contemptuous of you. You will find that ultimately the alienation and oppression and sense of humiliation that you feel in your society exists because that's the way the world works and what you experience is different really only in degree not in essence from the experience of the Muslim in the

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Palestinian territories or Chechnya or Kashmir or Southern Philippines or Southern Thailand or previously in the Balkans. It's a really interesting narrative because what it's doing is creating, not necessarily an equivalence, but a clear theoretical continuity between the localised experience of someone living in a western nation, never been to the Muslim world necessarily, doesn't have a historical connection—they might be Pakistani origin, but they care about Iraq—certainly not a national or Westphalian connection but they have a globalised connection that's based on a shared sense of identity and that connects their local experience to global experiences that they might be upset about. It's one thing to observe what's happening in Chechnya, for instance, and be upset about it. It's something else entirely and something else much more powerful to connect that to your experience and say that they come from the same place.

An example that illustrates that is the murder of Theo van Gogh, the film-maker, in the Netherlands—so often described as a murder but really it was a terrorist attack. The reason it's a terrorist attack was that it had clear political motivations. Mohammed Bouyeri, who was the man who carried out the attack—North African decent, living in the Netherlands—didn't actually want to kill Theo van Gogh. His primary target was to find a Dutch politician. That proved too difficult so he targeted Theo van Gogh instead more as a substitute. He was really upset at the way that Dutch politics had evolved. As far as he was concerned Dutch politics had taken a really strongly anti-Muslim flavour. Lots of immigrants had been deported suddenly, people who had been living in the Netherlands for five years, somewhere in the order of 20 000 people, were suddenly deported. The anti-Muslim rhetoric in the Netherlands was growing steadily. So he has this experience of alienation 'this is a society that doesn't want me' and then he goes online. He starts running into this sort of narrative explaining his frustration, his anger, in global terms—'It's not just about me and my life that I don't like, it's about this global phenomenon now'—and giving him a plan for action. And so this connection between his real world experience and these ideas he confronts in the virtual world have an impact on his identity in the way that he chooses to fall and ultimately the way he chooses to express it through violence. Instead of being some kid who is upset about living in the Netherlands or about Dutch society or something like that, he's now a soldier in a global war. That sounds much more grandiose. That's a much more significant sense of purpose and hence the appeal.

Identity is really crucial because what's implicit in the global terrorism narrative is that you essentially choose which one identity you want to have. You can be Muslim or you can be Dutch, British, Australian or American or whatever it is, but you can't be both. And the reason you can't be both is because they will never have you and because that other identity, that national identity that they are urging you to take on is

ultimately, particularly in Europe, a product of colonisation and a way of trying to 'beat' the Islam out of you. So ultimately that's what it is, in this narrative. That means, it seems to me, that the most potent message that could be internalised that would resist that narrative or make it less effective through a series of social experiences and public rhetoric, is one that emphasises the possibility, in fact celebrates the possibility, of what I call dual authenticity. That is not one that presents you with a false choice (you may not think it's false), not one that presents you with a choice between one and the other but one that accepts the possibility of realising both in an authentic way. This is a tricky thing to realise. It's a tricky message to send but I think that the imperative for it is reasonably clear.

The alternative, which says 'you choose one or the other', is essentially an assimilationist kind of politics. What it does is present you with that choice just from the other end. So whereas the global terrorist narrative says 'you have this identity choice to make, you can't do both, you have this identity choice and you must choose, it is incumbent on you to choose your identity as a Muslim as part of the effort that is required of you to liberate the Muslim world from the yoke of oppression'. And it's important to remember that this is a liberation discourse. That's one choice that's being urged upon you. If the other choice is 'no, you must choose your national identity essentially at the expense of any other identities or prioritise it above', not that they can be synthesised or that they can co-exist but that this is about priority, one must crowd out the other to some extent. If that's the message then the risk you run is that not everyone will choose your side. Some will, no doubt about that, but not everyone will.

Here's the way that identity works: identity has a very intimate relationship with vulnerability. You all have multiple identities. I am not diagnosing you with some kind of psychiatric disorder, it's a fact of your life, you can't help it. You have national identities of varying strengths. Some of you may not identify strongly with your nation, others might, but it's part of who you are. You have identities as parents, as children of parents, as people who work in particular sectors, as people who barrack for certain football teams, as people who have had certain educational experiences, as people who live in a particular suburb, as people who have certain ethnicities. These are all aspects of your identity. What is it that makes you choose one aspect to express over another? It's not a conscious choice necessarily, one just seems more important to you than another at a particular point in time. Well there are many things that could do that but what I want to submit before you is that one of the things that is crucial is your sense of vulnerability about a particular aspect of your identity. If some aspect of your identity suddenly becomes a site for attack or threat—physical or emotional or otherwise—it starts to matter and you cling to it. Or you reject it.

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The best way I can think to illustrate this is a woman that I know who does cross-cultural training for corporations, which the last time I heard her talk about it I think means explaining to corporations how not to offend potential clients in Asia. She's an interesting case. She's Scottish and she's Catholic. She grew up in Scotland, she knew she was Catholic. She was made to feel that. She then moved from Scotland to the north of England. There people didn't mind as much that she was Catholic but she was very Scottish. She then moved from north of England to one of the elite universities—and there no one really cared that she was Catholic and no one really cared that she was Scottish but they found it rather intriguing that she was working class. And through each stage of this journey, different aspects of who she was mattered to her differently. Proud to be Scottish, proud to be Catholic, proud to be working class.

To this day my wife will not stop attacking me for having completed my schooling, just two years, at a private school. Because she's at university, she's an academic herself from a state school. It really matters. Why? Because there aren't that many state school kids there. Everyone was from a private school. This is something that marks her out as different. If you are in a situation where some aspect of yourself is highlighted and makes you vulnerable then you start to do something. You will either emphasise it, often in quite an assertive, sometimes even an aggressive way—perhaps get cocky about it—or you completely deny it. Anyone who knows a migrant community sees this happen. Jamal becomes Jim. Malek becomes Mike. All these things happen because there is a vulnerability there. Some just shun it and some embrace it. You mark me out as different, alright I'm different and I'm going to explain why my difference makes me better than you. You have a choice; those two responses will happen so if you give people that choice you'll get both.

The problem when you start thinking about this in the context of terrorism is that you don't need many. The problem with assimilation as politics is that it doesn't understand the impact it has on identity formation and it doesn't understand that often the result of it is the very opposite of the thing that it claims to be trying to achieve. You may not get multiculturalism through assimilation. What you will get is parallel mono-culturalism: people just forming enclaves because it's easier to follow the path of least resistance. If I'm going to come into a country and essentially be told that I have to give up all these other aspects of myself—as though any of us in Australia would actually do that if we left—then everywhere I go it's going to be a problem. Wherever I go politicians are going to talk about it. Fine, I'll live in a neighbourhood with a whole lot of people who are just as weird as me. We'll talk our own funny language, cook our funny foods and we'll be perfectly happy.

One of the things that staggered me most was that in 2005, I think it was, when there were riots in France, people of North African descent who are still called immigrants despite the fact that they're third generation, sometimes more. When that happened I read a rash of commentary about the failures of multiculturalism. As though the French had ever been multiculturalists. I am not saying that as a derogatory statement. It's an avowedly assimilationist nation. But none of that assimilation had caused a great deal of French pride and you ask these people why? Because that's the way that identity formation works. I have no doubt that there are plenty of people of North African descent in France who are proudly French and say 'I am not North African, I am French'. I don't know that you get to make the choice. And so this is where multiculturalism comes into its own as part of the conversation. Not as something that foments and causes terrorism in a way that's empirically difficult to identify, explain and demonstrate. And not necessarily as the solution to all problems of terrorism but as something that might at least ameliorate a very important aspect of the radicalisation process of this particular form of terrorism, this highly decentralised—we might even call it postmodern—form of terrorism that currently occupies Australia's thoughts. Could be.

Despite the fact that so many of the grievances that occupy the minds of those promulgating the global terrorist narrative emanate one way or another from the United States, the United States has per capita far less of a problem with home-grown radicalisation than Europe does. It's interesting to think about. Does the United States have a policy of multiculturalism? Not really. It has a policy that goes beyond multiculturalism. The State does not get involved in determining culture. If it does, people in the south, people in the west, people in the northwest and the Pacific west and in New England, they are all going to go to war. Which culture is going to win? It's an interesting thing to think about and Australia, I think, is somewhere in between. We don't have the baggage of the old world that Europe has and so in these questions of identity, we have a lot more flexibility than Europe has and therefore we are less locked into the radicalisation cycle that I think Europe suffers from.



**Question** — How can we discuss multiculturalism and focus it only on multiculturalism and how positive it is rather than disdaining it and tainting it with the word terrorism? Could you give us some positive way forward for multiculturalism?

**Waleed Aly** — I think the short answer to your question is that you can't quarantine the conversation that way. There is no way I can think of or would necessarily even desire that says we'll only be able to talk about it in these celebratory terms. While I

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am generally sympathetic to your position because I do like multiculturalism, although for me it depends a bit on how you define it. It remains, like any government policy or fact of life, open to critique. I've read lots of interesting critiques of multiculturalism—critiques such as they don't like multiculturalism because it doesn't pay sufficient respect to cultural minorities because it gives them only a negative form of recognition; a kind of tolerance rather than a kind of celebration and acceptance. There is a critique of multiculturalism. It is a different one from the critique we often hear but it is a critique none the less.

So my point is that these things can be critiqued and it is fair enough to do that. I think what needs to happen, though, especially to those who are sympathetic towards multiculturalism (and I would not assume that everyone in the room is or even most are) but what I think needs to happen is that the arguments about it need to proceed on the basis of some kind of understanding of human nature, and that is where the anti-multiculturalist arguments fail resoundingly in my view. Because I think what they do is that they demand conduct and attitudes of other people that they would never be up for themselves. I'm quite happy to have that argument and I think we should be happy to have it as a society if need be. The problem I have is not with the debate; the problem is that the debate often gets to proceed without any sense.

**Question** — I would like you to comment on the possible implications of your view of terrorism (that it is essentially leaderless) for our refugee policies. We keep refugees who come by boat in detention for two purposes. First of all to determine whether they are in genuine fear of persecution, and that's usually determined fairly quickly as I understand it. Then we keep them for prolonged periods for security assessments which seem to be very difficult to undertake. During that period of detention there seems to be a growth of radicalisation because people become so frustrated at being kept in detention for such prolonged periods. In light of your comments about terrorism do you think our policy is misguided and counter-productive?

**Waleed Aly** — I think that the policy is misguided anyway. I think that the level of frustration that asylum seekers are experiencing is misunderstood because what we often don't understand is not just the waiting here, they have often got on boats because they have been waiting in Indonesia, having been processed by the UNHCR for years and years and they are not resettled. The counter-terrorism argument I don't think is actually about the refugees themselves. What is implicit in the leaderless phenomenon of terrorism is that you move from a world that was quite easily contained by the application of hard power to a world where suddenly everything has symbolism and that symbolism really matters because you are into a whole murky territory of identity formation and psychology and socialisation and experience and

social psychology. Everything is symbolic in that world. So from a counter-terrorism point of view I am not so worried about refugees experiencing a hard time. They may become radicalised in the detention centre because they want to get out but my experience with refugees (and I don't claim to have vast experience) is that once they are out they are just happy to be out and they just want to get their heads down and get on with life. It is what the imagery of the policy is like to those watching. Now what is that imagery? That's really complicated because in my experience in migrant communities some of the most staunch anti-asylum seeker rhetoric comes from migrants. So it is not easy to say that this will alienate a whole lot of people. It is a question of whether or not they look at the asylum seeker and identify that that in some way represents them. Now for Muslims, there is every risk of that. 'Why are we bashing up on these asylum-seekers? Well, because they are Muslims. It fits with everything else'. You can see how the narrative gets constructed.

A more serious example I think than the asylum seeker one was the Mohamed Haneef case. How many people of south-Asian extraction or not even of south-Asian extraction would have lent a SIM card to a cousin when they were overseas together? Probably thousands, if not millions in Australia. How many would look at someone like Mohamed Haneef, about whom it transpired there was nothing, and say 'that could have been me'. Hard to put a number on that. How does that feed into the narrative that they are out to get you and there is nothing that you can say or do. Well for some people it will feed in very strongly. For others not—it will actually depend on their state of mind and their social experience to that point. But that is the kind of symbolism that bothers me a bit more from a counter-terrorism point of view.

**Question** — My question, and correct me if I am wrong, is that you said that it is hard to keep two identities. That means it is hard to be an American Muslim, it is hard to be a European Muslim these days. Do you think that it is equally hard to be an Australian Muslim?

**Waleed Aly** — No I don't think it is hard at all. I don't think it is hard to maintain those two identities. What is hard is to change the tide of the political conversation to one that recognises implicitly and explicitly that dual authenticity is possible and that provides the social conditions for it. I think that we tend to fall into the trap in our public discourse that says 'well, you can sort of be both but you have got to be one first'. I think that it is actually a ridiculous question, particularly when you talk about religion because religion and nationality actually exist on totally different realms. Do we have any retirees in the room? I don't ask you if you are a retiree or an Australian first. To ask that question sounds absurd, because you are perfectly capable of being both. The reason that question gets asked about Muslims is because there is an assumption that their intention and that at one level or another they kind of have to be

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and so you have to prioritise one over the other. That is a very difficult logic in our conversation to change. Particularly in a conversation that is dominated by national politicians whose frame of reference for everything is going to be Westphalian. It is going to be the nation-state. So that's difficult.

Your question can you be an Australian and a Muslim at the same time is not actually a question for most Australian Muslims. At least it wasn't until it became a big social question and they said 'well maybe I can't be'. People who are doing well, like small business owners running successful businesses, either born here or who came here very young, are telling me 'I was integrated, now I'm dis-integrating'. That is something to think about, I think.



We attribute, in theory at least, heroic characteristics to our ministers. As soon as they are sworn in, they need to take responsibility for the policies and actions of their departments, to answer questions, to oversee policy initiatives, even when they have no experience in the portfolio area. Administrative competence, subject omniscience, and media confidence are the traits we expect. Of course we know it is really not like that. The first months are often better described as a continuing graduate seminar, combined with a program of defusing the mines left by their predecessors. Some make it; others struggle. Few are given any slack by the media or the new Opposition, whose members, initially at least, have a better detailed knowledge of the portfolio than the new ministers.

So we decided to take advantage of the new government in 2007 to ask how ministers learnt, and how the recently departed ministers looked back on their experience as ministers. We wanted to catch the Labor ministers in the first 15 months, when they could still remember what it was like to be new. There was a second intent. In 1981 Michelle Grattan and I had published a book *Can Ministers Cope?*; it was a study of the role of ministers in the 1970s. So we wanted now to ask how the position had changed, what pressures were new and what remained of the lessons that we had tried to draw from that period.

Labor had few ministers with prior experience as ministers, although many had been advisers in the Hawke/Keating era and in and around state Labor governments. Learning had to be on the job. As one of them said:

there are courses for almost every occupation but there is no course that teaches you how to be a member of parliament and there's no course that teaches you how to be a minister. It's assumed that if you are elected, you can be sworn in, [and] you can be an effective minister. There is no training course and, unless you ask, no one volunteers to help, so basically it's what you can glean from watching others and from applying what you think are commonsense principles to the sorts of things that you are called upon to do.<sup>1</sup>

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\* This paper was presented as a lecture in the Senate Occasional Lecture Series at Parliament House, Canberra, on 13 May 2011.

<sup>1</sup> Anne Tiernan and Patrick Weller, *Learning to Be a Minister: Heroic Expectations, Practical Realities*. Carlton, Vic., Melbourne University Press, 2010, p. 66.

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Here it did not matter what party the new minister came from, and whether they were part of a new or continuing government.

Some of the experiences were a rapid education in the reality of departmental silos:

I was sworn in and then ... came back to the office by myself and ... this guy in overalls was taking out the fridge. I had taken over [a Coalition minister's] old ministerial office. I said, 'Where are you going with the fridge?' He said, 'Minister, this fridge is the property of the Department of xxx and I'm taking it to the Minister for xxx's office.' I said, 'Oh, what am I meant to do for a fridge?' He said, 'Minister, I suggest you call [your department] and get one.' That was my introduction to government.<sup>2</sup>

Others found that the public service looked very different from inside government:

The funniest thing was I had laid out in opposition some policies, some amendments, and my predecessor would say regularly, 'Well what the shadow minister is proposing is completely unworkable; the [department's] advice is it can't be done—if it were to be done it would create all these problems, which just shows that the shadow [minister] is not fit to hold office, he's completely out of touch with reality', etc. and you're sitting there thinking, 'Well I thought it was a good idea.' So I thought, when I walked into that meeting, 'Well these are all the people who briefed that everything I wanted to do was completely unworkable and could not be done, so this is going to be an interesting meeting.'

So I sat down and I said ... 'I do have some proposals and ideas of where I'd like to take things', and he [the official] said, 'Yes, Minister, we kept track of your comments and your amendments and your policies.' He pulled out this folder and said, 'Here's the implementation plan.' I thought, 'Well, this beats opposition any day.' So yeah, I found [the department] very professional.<sup>3</sup>

But the immediate lesson was that suddenly what ministers said mattered in a way that had not really been true in opposition. There a faux pas could be embarrassing; in government saying something out of order could be much worse:

Most of [what you do] you can't talk about, particularly in a fraught environment. You do have to be very careful about every word you say. In

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<sup>2</sup> *ibid.*, p. 73.

<sup>3</sup> *ibid.*, pp. 70–1.

some ways that was one of the hardest parts of the job in the first few months, just being very careful about what you said about particularly sensitive issues ... It can be interpreted in a whole variety of environments. You can't just have a casual conversation necessarily with people you know because ... it will be repeated ...<sup>4</sup>

The workload was immediate and unrelenting. New ministers thought they had worked hard in opposition, and they did, but with few staff and essentially then concerned about putting the case in the media.

Then they came to places like Defence:

The Department has a budget of more than \$25 billion per annum; civilian staff of nearly 15 000, not including the Defence Materiel Organisation staff of 7500; and uniformed personnel of more than 55 000–76 000 if you include the reserves.

In 2008, the Ministers and Parliamentary Secretaries received 8944 pieces of correspondence and asked for 1886 pieces of advice from the Department; between them, they received 3959 briefs for action and 3041 briefs for advice, 112 Cabinet briefs; and 3542 ministerial representations. Over the next year, I am expecting to take 30 submissions on major capability projects to the National Security Committee of the Cabinet.<sup>5</sup>

Suddenly there was a whole phalanx of people prepared to deliver on what the minister wanted. One new minister noted the contrast:

When I was a shadow minister I used to walk in and say to the one, two or three people working for me, today we need to do one, two, three, four, five and six. And on a good day only one would be done because of a lack of resources. When I first became a minister I'd come in and I'd say, 'Ok, I want one, two, three, four, five and six', and after a day to a week someone would come back to me and say 'Minister, we've done this', and I'd say, 'Why have you done that?' and they'd say, 'Minister, because you said so.' And I'd say, 'Well I have no independent recollection of that.' The danger of being a minister is, when you say we're doing this or I want that, that people actually do it.<sup>6</sup>

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<sup>4</sup> *ibid.*, pp. 88–9.

<sup>5</sup> *ibid.*, p. 110.

<sup>6</sup> *ibid.*, p. 114.

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Departments want to be responsive to ministers. But all the time there remains agenda to pursue even where ministers may have no strong ideas of their own. The department will generate work for ministers, a whole range of activities which needs a minister's approval. Some ministers thought they needed to be careful about being run by their departments.

The department will have their own interests and their own agendas and they'll want to sign you up to a whole lot of stuff as well. So you could very easily as a minister become totally submerged effectively in important-seeming but ultimately insignificant activity which keeps you busy, keeps a whole lot of other people busy, but doesn't in the end make any great difference to the world. And I hate that. I accept that a certain amount of it is unavoidable because there are, if you like, the ceremonial duties of being minister.<sup>7</sup>

In 1981 we published *Can Ministers Cope?* in the same month that *Yes Minister* began its run on the ABC; to the disadvantage of the book as commentators said the show was much more fun. They were right of course. Who could compete with that brilliance? The show kept everyone laughing but had a political effect as it sometimes created an air of suspicion (in countries as far from Britain as Namibia!). It imbued all public service actions with the taint of Sir Humphrey. As one experienced minister noted:

Some of the ministers under Howard and some of the ministers, I suspect, under Rudd regard their department—or their staff regard the department—as the enemy and that's a massive waste of resources. And of course there is this paranoia: 'I can't be seen as a captive of my department.' Well, you should never be a captive of the department, you should never be a cipher of their view, but to regard them with total mistrust is equally ... bad.<sup>8</sup>

The best experiences are where the two managed to combine. There is a story told of Paul Keating when there was a need to fix the Budget:

He understood intuitively that it had to be done and he said 'I have to convince Caucus, so give me a brief on that', and I did. He sent it back and said 'This is not believable; this is what I don't like about it.' So I did it again. He sent it back again. I did it for a third time and he called me to his office and said 'Good, you have got it. This is what we wanted.' He

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<sup>7</sup> *ibid.*, p. 111.

<sup>8</sup> *ibid.*, p. 124.

invited me to go with him to the Caucus, which I did. When we got there I discovered he was speaking from hand-written notes. After my three pieces he had written his own from it and I just sat there and marvelled at this presentation.<sup>9</sup>

Parliament loomed far larger than most observers would credit. Despite all the comments about the decline of parliament, it remains a significant, even slightly scary, place in the ministers' world. Two opinions emphasise how central it can be:

When the parliament sits, parliament is our focus. It's the executive reporting to the parliament. So we do that and, depending on what issues are running, you can get some work done, you can't get some work done. But I work on the basis that generally on a parliamentary week, if you survive Question Time you've done well. If you've got anything else done, it's a bonus.<sup>10</sup>

A coalition minister agreed:

It takes you a good six months before you feel comfortable. You're terrified when you go into Question Time because you just don't know the issues, but you're more and more on top of issues so over time you do become more confident.

[In opposition] I used to take reading material with me into Question Time if I knew I wasn't going to be asking a question. It was a good chance to read letters or policy documents. I wouldn't dream of doing that now, because you never know ...<sup>11</sup>

Given the adversarialism of party politics, the scrutiny and the expectations, it is perhaps not surprising that a Howard minister too reported:

Parliamentary days as a minister are quite stressful. Even if nothing ostensibly happens, they are quite stressful. You are always on tenterhooks. In fact, I would always be working very hard after Question Time, but I would be much more relaxed because normally no crises ever happen after Question Time.<sup>12</sup>

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<sup>9</sup> *ibid.*, p. 140.

<sup>10</sup> *ibid.*, p. 235.

<sup>11</sup> *ibid.*, pp. 238–9.

<sup>12</sup> *ibid.*, p. 239.

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Secretaries too had a learning curve. They are often unsure whom they will be serving. One secretary expected the shadow spokesman who had been briefed in the caretaker government to be confirmed as minister. The secretary got a call from a chief of staff he had never heard of. ‘Can you come and see the minister?’ ‘Which minister?’ ‘Oh! hadn’t you heard?’ So he went straight across to Parliament House, had a three-hour chat with the incoming minister, in which he covered the few election promises, and range of platform commitments. The intention was to establish initial working relations. He also took with him a lease that needed to be signed because there are some things only a minister can do.

A number of secretaries identified in different ways the traits of the best ministers they served:

Openness—intellectual openness, honesty, an understanding of the boundaries between the department and the office ... I think it is a sense of intellectual and personal integrity.

Better judgement in what matters and what doesn’t; [an] understanding of how the machinery of government works is a good one. A good sense of what departments can and can’t do, what they should and shouldn’t do, how to get the best out of department, how to get the best out of the staff, how to make decisions, and what decisions matter and what decisions don’t. Government is a bit like Paul Keating’s wrestling with a coil of smoke.

Ideal minister: hardworking, respectful of roles, prepared to engage formally and informally with their department, who is a good politician in the sense that they can influence and work with others, a person with principles and high ethical standards, in terms of what is appropriate to do and not to do. Demanding, which is exactly what you want and expect in a senior minister, but reasonable at the same time. He brings consideration to policy issues in a very structured way: objectives, principles, evidence research and analysis.

Good ministers have a framework, trust senior people, good judgement, decide quickly, keep paper flowing, don’t go to minutiae.

Best are the ministers who keep their mind up here, focused on policy, know how to work with their colleagues, know how to work with the department, know how to get the legislation happening, know how to work with industry and stakeholders and know how to make it happen. You get

the top fifteen federally that are by and large seriously good. You get a top five in states.

A good intellectual understanding of what they are about. The very best ministers have been intellectually very able. They usually [have] a clear vision about what the government's objectives are in the broadest sense and also for their sector and have the capacity to decide what is their business and what is the secretary's business.<sup>13</sup>

Those ideas set a high bar. Then there is a litany of faults, the ministers from hell that they do not need:

The worst ones are those who think they are going to micro-manage and deal in details of which they've got no idea about, or start managing [areas in] which they've got no competence.

Some try to become the chief operating officer. They tend to try and micro-manage stuff and they become very risk averse and indecisive. That is my experience. They won't make decisions and they go through things umpteen times and it drives you crazy.

I think the hardest ones to work with are those who aren't really committed to their government's agenda and who feel politically exposed about making any difficult decisions. They are too scared to make a decision ... [One program] started off as a good program but by the time it went through policy process and Cabinet, it was, in my view, a weak program but nevertheless that is what the elected government decided on. Then you have ministers [who are] sort of nervous, that shows a lack of commitment to the implementation of program, where ministers sort of half-heartedly supported it.<sup>14</sup>

What has changed in the thirty years since Michelle and I wrote *Can Ministers Cope?*; in short technology, speed, media coverage and, both cause and effect, a massive increase in ministerial staff. Lindsay Tanner has argued that the speed and continuity of the media coverage has cheapened political coverage, and the often self-congratulatory declarations of innocence from some journalists suggests he has a point. Let me cite a minister talking long before that book:

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<sup>13</sup> *ibid.*, pp. 148–9.

<sup>14</sup> *ibid.*, pp. 149–50.

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The speed of the media and the nature of where the media has gone [have] created a whole new level of pressure. I'm actually making a democracy point here—they decide whether we will crumble or not. But the diminution of the amount of time devoted in a news discussion to politics and the move to infotainment means that necessarily impacts therefore on how our politicians think and behave. I actually think there are real issues for our democracy with the way in which we seek to distil things so often to such simple and such simplistic concepts. And that's not a 'they should be smarter' [comment]; it's actually a comment about political dialogue with the nation ... The problem is there are always difficult problems and if we keep constructing our national political dialogue around simple solutions, which is necessary for the media and community, we don't go very far as a nation.<sup>15</sup>

Another minister thoughtfully identified one regrettable, but undoubtedly true, consequence:

The least helpful part of the job is the inability to show uncertainty or consideration. The fact that none of the decision-making process is public is because the idea that decisions aren't born fully formed like Venus means that there is uncertainty. If there is uncertainty, there is doubt and if there is doubt there is the potential for failure ... so it goes on. That's a shame because most big decisions are made on balance. 'This might be the right way to go or that might be the right way to go; with all the information I've got I think on balance I'll go with this one.' But the way we are expected to present in public and in the media is [that] this is the only possible answer ... I understand why, as an institution, parliament and the ministry have developed that way ... I think a more mature democracy would take people into its confidence more. I don't think the media culture enables that ... I think it would be absolutely irresistible for journalists to make more of that than what there is.<sup>16</sup>

Since the media space or time has to be filled every day, not to respond to the media leaves that space to the Opposition and encourages criticism. It is no longer possible, ministers argue, just not to comment. Nor is it viable to have ministers providing different responses, in which case the difference, not the response, becomes the story. So coordination of responses to provide a consistent policy story becomes spin, while a lack of coordination denotes an uncertain government. Ministers feel they cannot win, but they will always try. Then they are accused of being obsessed by the media.

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<sup>15</sup> *ibid.*, p. 230.

<sup>16</sup> *ibid.*, p. 306.



The speed of technology of course means that they are effectively on call all the time, whether they are in the country or not. In 1981 there was no internet, no mobile phones, no email, and no Twitter. If the prime minister wanted to contact a minister, officials had to guess where they might be found and it could be hours or longer before they were found. Now it is immediate. Technology makes managing easier in many respects, but the political day never ends. Are we really better governed now, or just more frenetically?

Ministerial staff now provide a buffer between the ministers and the world outside to whatever degree they choose. The geography of the new Parliament House collects the ministers in their own wing, away from the House of Representatives and Senate colleagues. They can be more isolated than they were in the old building.

So staff are needed to provide personal support, to assist in the management of the political agenda, to cope with communication and, by no means least, to maintain the network across ministerial offices. In a circumstance where isolation within the cocoon potentially created by the pressures of departmental business, the staff can ensure that links are made across departments.

The growth in numbers of staff also ensures that, for departments, advice is contested. If in the 1970s the departmental secretary was the key adviser, that can no longer be taken for granted. Staff are there from early morning to late in the evening, always in the office next door and ready to assist the minister. It is not surprising that some officials find them intrusive. For others they are but part of the new game. Working with staff can often solve problems without having to involve the ministers directly.

A senior chief of staff with extensive prior experience in opposition reported:

It's a different job [being in government] and you do have to work very closely with the department to make it work. It doesn't come naturally to some people. You have to have a very thorough and a mature professional relationship with the department. You have to be very clear about expectations. You have to be very clear about roles and you have to talk to them all the time. Sometimes you agree, sometimes you don't, and that's how it's got to be.<sup>17</sup>

A departmental secretary expressed a similar view:

The best [ministerial staffers] really do understand, perhaps even instinctively, just how useful the department can be to a minister and they

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<sup>17</sup> *ibid.*, p. 264.

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seek to ensure that the department is working effectively. They seek that as an outcome for themselves. So that doesn't sound particularly exceptional, but let me talk about the contrast of a ministerial staffer who seeks to subvert or go around, or undermine in some way, the departmental view. I can recall occasions in the past, going back a way now, when people in the ministerial office have taken exception to [the department's] position on something and instead of using [the department], sought to undermine its role in the provision of advice to the minister. Ultimately this is dysfunctional. Both the department and the adviser lose out and, of course, then the minister also loses. So the good ones, they understand how to make the department work effectively for the minister.<sup>18</sup>

Another departmental secretary remarked that ministerial staff:

apply a different filter or lens than we do and I think that's entirely appropriate. We're not ignorant of political considerations, nor should we be, but we don't apply the same political lens to issues that a minister's office can for a minister. We work hard to make sure that we work effectively with ministers' offices and with advisers and we've generally, I think, been blessed that we don't have advisers who think they're the minister. I suspect that problems arise where the advisers forget the nature of their role and try to be something else: to decide matters, to make judgements, to berate people. I've heard examples of all those sorts of things occurring, but we don't experience that. We work for ministers. We advise ministers.<sup>19</sup>

Within the offices chiefs of staff have become important because, as the offices have grown, so has the need for management. As one of them said:

I always describe it [the chief of staff job] as three things. [Firstly] you're the principal adviser: you essentially opt into the important issues and the things you feel strongly about, [although] you can't opt into everything because you're only human. Second, you manage the team: a lot of advisers, a lot of staff and a lot of priorities and ensure [the minister] is doing the important stuff. Stakeholder relations are a third major function. There's a group of people that you just have to have the relationship with, so I spend a bit of time with those sorts of groups.<sup>20</sup>

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<sup>18</sup> *ibid.*, pp. 264–5.

<sup>19</sup> *ibid.*, p. 266.

<sup>20</sup> *ibid.*, pp. 275–6.

The ministers' offices now look very different. The role has changed for staff and for public servants. Of course all that additional assistance may be needed merely to keep up with the existing pressures and speed of political life today. From the cluttered rabbit warrens of the old parliament house to the wide corridors and quietness of the ministerial wing, with its capacious suites, is all very different in atmosphere. But life is no simpler within.

Do we ask too much of our ministers? I don't propose to be sympathetic. They want the job, compete for the job and fight desperately to hold on to the job. Some are not up to it, even if they are competent in other areas. But is it too much for one person? Absolutely not, if they know what they are doing and focus their efforts. Listen to one person on *Enough Rope* with a far harder political job than any Australian can ever hold:

ANDREW DENTON: Is the job too much for one man?

BILL CLINTON: No. And you could do it, you know? I worked at it harder and longer hours than a lot of people do. I made a decision to work in the way I did, and the way I always had. I'd always been almost a workaholic. But ... the presidency in the end is a deciding job. You pay a president to make choices that you, the voter, can't make on your own. So, while it's important ... to work like crazy, it's also important not to become so exhausted that your judgment is impaired. And that was a constant balancing act ... I wanted to be working right up to the end, but I didn't want to have impaired judgement ...<sup>21</sup>

But ministers come in different forms. There are many ways of being effective; not all ministers, perhaps fortunately, follow the same path. We suggest a set of suitably Australian categories:

- the maintenance ministers
- the spruiker ministers
- the policy driver ministers
- the warrior ministers
- the partisan ministers.

We do not suggest that ministers fit neatly in one category. Rather that the categories provide stereotypical examples of the style of some ministers some of the time. I am

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<sup>21</sup> Andrew Denton, Interview with Bill Clinton, *Enough Rope*, 19 July 2004, <http://www.abc.net.au/tv/enoughrope/transcripts/s1157592.htm>.

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sure people will have fun trying to classify the ministers they know, but we do not try to go that far.

*Maintenance ministers* are those who have few ideas and few initiatives they want to follow. They rely on the department to come up with solutions to the problems that emerge and will have few ambitions but survival. For public servants, contrary to legend, such a 'captive' minister may be a nightmare because nothing happens. Progress requires ministerial input and a capacity to persuade colleagues in Cabinet. Ministers who passively accept what they are given are often unable to defend their position because they do not have the clout or the political nous. Nothing will happen on their watch. When they bring items to Cabinet, it will be the time that other hardheads decide it is time for 'a bit of sport'.

The *spruiker* is the minister who has no ideas or policy initiatives but can run energetically with the suggestions from the department. Almost all ministers will be spruikers at times; they cannot initiate everything and the departmental range will be far beyond their individual capacity to direct everything. A few never go further. Their political skill is to present themselves as full of ideas when they sell their new policies to Cabinet or the Parliament. Of course their success depends on the ability of the officials to develop ideas that they can then espouse with vigour. Some departments are better at protecting their minister than others. Others may leave them occasionally in the lurch. These ministers need help and if relations with departments sour, they struggle to combine their high profile with a lack of content.

The *policy driver* ministers are those who seek to shape the agenda. They know that all the ideas do not come from them. They know they can depend on officials to develop detail on any issues that arrive. At the end of the term they want to be able to list a number of issues where they were able to make their mark by taking crucial decisions and then selling them to Cabinet. There may be a number of crises where their perspective determined the outcome. There are also likely to be number of issues where they wanted to achieve change but failed to do so. It might be they did not have the time to focus, or they could not find an official who would drive the proposal while they were involved in other matters. Most ministers will have their regrets. These ministers may be the quiet achievers who receive little public attention; indeed they prefer to work out of the spotlight and let others take the heat and the glory. For them, and for their officials, it is a collaborative exercise.

The *warriors* are those ministers who love a fight, who will pick issues that they know will gain attention and virulent opposition. The battle is the thing, a contest over values and political turf. Such ministers argue that there is no point being there unless they try to make big changes, and those big changes are bound to generate opposition

and bring losers. There are always some warriors among senior ministers, Tony Abbott and Peter Reith, Julia Gillard and Anthony Albanese, who enjoy the fight *and* want to make substantial policy changes in volatile areas of government. Treasurers and of course prime ministers usually fit the role by choice and position. People don't get there without being prepared to put themselves on the line.

The *partisans* are those ministers who have little interest in their portfolio but are there to provide partisan advice about political advantage. All ministers are partisan, all ministers are political; that is the job. A few are no more than this, and they may be given light portfolio responsibilities while they are the 'minister for politics'. That was truer before the 1987 changes when there were more cabinet ministers between whom responsibilities could be divided. With the decrease in senior cabinet numbers, they will often combine the hard politics with policy requirements.

What lessons can we draw from an analysis of ministers? First, the system of government may have become more centralised, but it remains a Westminster system. As a departmental secretary declared:

It's as far from the US system as it's ever been. Don't let people tell you it drifted into a 'Washminster' system; it's Westminster with Australian characteristics. It's different from Canada, different from the UK, different from New Zealand. It's ours and it's determined by Parliament House, by all those different parties.<sup>22</sup>

Prime ministers may have greater technological capacity to direct, but ministers remain key players without whom the system will not work. Australia is not a presidential system. Ministers matter.

Second, expectations are often heroic. Citizens expect ministers to fix everything. They want increased spending (on themselves) and lower taxes. If they get into trouble through tempest or intemperance in the suburbs or overseas, they expect ministers to solve them. They expect immediate answers to their complaints. Alexander Downer said after he left office what he admitted he could not say in office. When Australian citizens ignored Foreign Affairs advice and went to the Lebanon, then demanded the Australian Government rescue them when war broke out and complained that the response was too slow, they acted unreasonably. Those sorts of expectations of government are still not unusual. Some citizens expect to be consulted at length and at the same time to have rapid government responses to solve their problems. Government, to misquote President Reagan, is both the problem and

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<sup>22</sup> Tiernan and Weller, *op. cit.*, pp. 314–15.

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the solution. Ministers are their personification, at once the source of relief and the epitome of grubby self-interest.

Third, the critics often exaggerate the capacity of governments, encouraged perhaps by the sometimes inflated claims for credit by ministers when things go well. There are many areas where government influence is minimal, or at best slow to change the environment. Patience with governments is not an Australian characteristic in these cases.

Fourth, in government ministers appreciate the constraints, both on them as individuals and on governments. Therefore we need to avoid oversimplified models of what ministers actually do. As a British writer commented in the 1970s, there is a

... need to get away from ministerial narcissism in which the attempt is made to maintain the myth that they are the instigators of all new policies. It is this myth that contributes most of their overwork and makes it difficult for them to do the key parts of their job well.<sup>23</sup>

Of course, we still hear from former ministers how 'I' introduced new schemes that changed the shape of society. That is narcissism writ large. They do not make policy on their own. They work with ideas and proposals that come from a variety of sources. But eventually, whether or not they started the proposal, it needs their signature, to go to Cabinet, to finalise a project, even to delegate responsibility. The ability to decide makes them an essential part of the process. What ministers must do is to ensure they contribute where they can and understand those issues when their decision is essential. What makes them unique is not a separation of powers and activities but the right to decide.

Fifth, there are still some things only ministers can do. Only ministers can present a proposal to Cabinet. Only ministers can introduce legislation in Parliament and answer questions on their portfolio. These are areas where ministers must perform because in the system of government they are essential. In that sense they will add value to the work that others do.

So the best ministers are shrewd, hard-working, intelligent and demanding. They have common sense and good judgement. They must work through routines, through many small decisions and discussions. Routine makes the chaotic manageable. It breaks the impossible dilemmas into intelligible units for decision. It tames the excessive demands into a timetable that, although inevitably hectic, can best allow ministers and

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<sup>23</sup> T. Blackstone, 'Ministers, advisers and civil servants', Gaitskell Memorial Lecture, London, 1979, p. 18 as quoted in Tiernan and Weller, *op. cit.*, p. 316.

their advisers to set priorities and makes decisions. The priorities, whether political, procedural or administrative, may not be those that any outside observer would accept, and they will differ from minister to minister. They are, nevertheless, the choices that all ministers in charge of their own time and direction must make. Effective ministers have to decide in what areas they want to put their time, how it will be rationed, where they will trust others and where they will insist. They have many working for them, all with views. In the end the ministers must add their own value.

Not all can do it. The expectations of ministers are heroic, the routines to achieve it mundane. There is no one way to be an effective minister:

Running government is a relentless business and you could wake up every morning and let it run you and not achieve what you set out to do or you can wake up every morning and say, 'I'm going to run it. I got into this business to achieve the following things and I'm going to crash through and I'm going to push and I'm going to achieve them.' Lots of things about our system—the shortness of the news cycle, some of the cynicism about politics, the bigness of the bureaucracy—lots of things conspire to defeat that. You've just got to have the wherewithal each and every day to say, 'No, I'm running it, it's not running me ...'<sup>24</sup>

It's a great aspiration that some ministers manage to achieve some of the time. It is too much to expect they all will.



**Question** — I want to ask about science and scientists, whether or not you have any strong feelings or insights into the apparent lack of representation of scientists and science in ministerial portfolios in Australia or any other country?

**Patrick Weller** — The question for ministers is not to be subject experts but to understand the subject enough to make sensible decisions. We don't need a doctor as Minister for Health necessarily. In fact the one time we had a doctor as Minister for Health he proved to be comparatively ineffective because he wanted to answer all the medical questions himself. What we need is a health minister who understands the issues and answers the questions and can make judgements about where the country should go. The reason we have a Chief Scientist, which was set up about 20 years ago,

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<sup>24</sup> Tiernan and Weller, *op. cit.*, p. 319.

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was so that you could bring together the knowledge of science and present it to government in a way which was intelligible, persuasive and evidence-based. Does it matter if we don't have scientists as ministers? Not necessarily. Does it matter if we have ministers who have no advisers who would explain to them the implications of science on which they can make judgement? Yes it does. So I think what we need is the skill in collecting advisers to governments on these issues, whether on staff or in departments on which they can make judgements. It's always interesting when people think that they don't need to be experts and when they think they do. Everyone knows economics in Cabinet but they listen to lawyers when they talk about the law. So it varies a bit from place to place. Is there an easy solution? No there isn't. Would it help if you got a scientist? No it wouldn't because scientists are not necessarily great politicians. You also have to persuade and that's not just evidence that's the sort of information and the way that you do the persuasion as well. I'm not sure if that answers your question. I'm never sure that scientists would ever be satisfied they get their voice heard but then the question is 'which scientists?'

**Question** — On collective responsibility and collective solidarity, as you know many other parliamentary systems have much more ministerial autonomy—the ministers can make individual decisions and there's not much that the prime minister, finance minister or central minister can do about it. We have a fairly cohesive system where ministers are part of a political team whether they like their colleagues or not. What did your ministers say in relation to their attitude to that collective solidarity and whether they were prepared to take decisions themselves? Is it different from 1981 now? Are they more intimidated by that collective solidarity or not?

**Patrick Weller** — I think that there's an understanding that things are much less comfortably organised in silos than they used to be. We used to have a situation in which the Health Department or any another department dealing with finance dealt with other departments. Now things have become infinitely more complex across portfolios. So that's one of the first changes I think. It's simply become a more complex world. The second thing is that the media speed has made life infinitely more difficult than in the past. The ease with which you could pick off one minister and ask for an opinion on a topic and then pick another minister makes them incredibly conscious that the story will be that minister X disagrees with the prime minister or ministers X disagreed on that. So the pressure of the media I think has made people more cautious of making independent decisions.

The third point is that back in 1981 a senior minister said to me that there are a lot of ministers who claim they like to make decisions but actually bring them to Cabinet because they just like that collective support. They like to know that once they have brought something to Cabinet everyone is committed to it and they can't be hung out



to dry if it actually goes wrong in those sorts of circumstances. So I wouldn't underestimate the push for collective responsibility in 1981 which I think was extraordinarily strong then. Why do we have it more than in other countries? New Zealand is less so because New Zealand is now a coalition government. Britain traditionally had powerful ministers before they had powerful prime ministers. The Australian version has been different. We have had prime ministers who have been powerful since 1901 or 1905 when Alfred Deakin said that he didn't want anyone to make a press statement until they had cleared it with him. Nothing new about centralisation and prime ministers in Australia. There has always been that sense of maintaining some sort of control over the things that are happening.

**Question** — In a recent speech Mike Smith, chief officer of the ANZ Bank, suggested that the heads of organisations, such as his, should change every five years or so. I was wondering whether you thought that this should be the same with ministers?

**Patrick Weller** — Well of course Mike Smith is in the comfortable position of knowing that the bank has got most of the people who might be promoted already in it and they are not going to be tossed out in the next two or three years by an electorate. The shareholders are the directors but they don't actually throw out all the staff. So he's got a much longer time horizon and a different sort of accountability. I think that the American version of time limits has problems. If you put a five-year time limit on ministers, after five years all the ministers would have to go if they got elected and I think that the notion of experience is actually quite important. What you actually had with the last government is massive turnover. There were only three ministers in the Howard Government who stayed in Cabinet for the 10-year duration of that government: Howard, Costello and Downer. Prime ministers are always looking at a way of turning ministers over in order to freshen the ministry up, get responsibility, move people out, and they have the advantage that they can make them ambassadors to the UN. Of course the other job is the prime minister. It's an interesting fact that only one of the prime ministers since 1903 has moved on at a time of their own choice. Prime ministers are remarkably bad at knowing when the time has come to move on. Usually, of course, someone else moves them on but invariably they stay on for a lot longer than their colleagues would think because they become convinced that they are the ones best capable of maintaining this government in power. We've seen that happening on a number of occasions over the last 40 years. When Menzies retired he had been there for 15 or 16 years so he had had a fair run and he was 70. Churchill, of course, was 80 when he retired so age doesn't necessarily matter. For ministers, I don't think we need it, as there is enough turnover already. For prime ministers—interesting question—but don't ask the prime minister.

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**Question** — I wondered if you might share with us your thoughts on what seems to be happening between the Minister for Defence and the Department of Defence at the moment?

**Patrick Weller** — In 1951 there was a long argument in Cabinet about the inability of the Ministry of Defence to build the planes that when it came to wartime they were prepared to use. There were complaints in Cabinet about the inability of the Department of Defence to bring anything in on time. In response to one suggestion—talking about troops in Korea—to bring in the chiefs of staff, Menzies' comment was 'Don't waste our time with them, they keep telling us why we can't do anything until we tell them to do something and then they go and do it'. The point of the history is simply to say there isn't anything particularly new about the tensions which exist between the Defence Department and the minister and I think there are a range of reasons for this in professional terms. I think that we should look at the other side and say that when it comes to it it's the defence troops who are in Afghanistan; it's the defence troops who are in the boats patrolling Australia. Defence groups are doing things which, whether or not they are regarded as necessary or desirable, are still fulfilling the government obligations. So they often grumble. Sometimes I think they are too keen to please in terms of doing things which then become quite impossible to achieve given the demands of the government. There is nothing much unusual about the tensions between the Defence Department and the defence forces' cultures and ministers who may or may not actually appreciate them. Finally, I have a statement of interest: I have two sons in the defence forces so I might be biased.

**Question** — I'm interested in your thoughts on the creation of portfolios seemingly to suit individuals, the current example being having one minister for child care, a separate minister for early childhood who is also the minister for schools and a separate minister for tertiary education.

**Patrick Weller** — There are two or three ways in which you can organise portfolios. You can do them by function, you can do them by geography or you can do them on a case of cabinet representation. And at different times Australia and other countries have done all three. The point of the 1987 reorganisations introduced by Bob Hawke and Mike Codd, principally by Mike Codd, was to try to get a level of logic into it and try to bring a level of continuity so that you combine functions into a comparatively small number of departments so that they can have trade-offs between them. And that worked for something like five or 10 years but is becoming much more fragmented. The problem with organising it around the ministry is of course public servants end up in and out of different departments and that requires more and more cross-departmental negotiation which often becomes time-consuming and obviously not very efficient. If I was given a preference, having written at various times on

machinery of government, I would be all in favour of saying: set a number of departments, make it extremely difficult to move them and then make people work within them. Departments represent our values and represent our directions. They represent a new initiative that we want to have so we are going to have a Department for Climate Change and we couldn't have that before because no one thought that that was important but now we do. That's symbolic of what we are trying to do. So there's no simple answer to what is a suitable set of machinery of governments and prime ministers in making choices will look at administrative, political and symbolic functions all the time. I could, of course, comment that the United States has fewer departments and they change very little so that's not impossible either.



## The dark arts

This lecture on budgets and finance is subtitled ‘Sunlight and the Dark Arts’ because although the sunlight of transparency and accountability is the aim of policy and statute, darkness is still nourished by politicians. ‘Sunlight’ also refers to *Operation Sunlight*—the Labor Party’s 2007 commitment to ‘a practical suite of measures to enhance Budget transparency’. *Operation Sunlight* was billed as ‘a long-term investment in greater accountability’ for current and future Commonwealth governments.<sup>1</sup>

In 2008 I was asked by Finance Minister Lindsay Tanner to conduct an independent review of *Operation Sunlight*. My report contained 45 recommendations aiming at improving budget transparency and fiscal practice.<sup>2</sup> Ten recommendations have been implemented and 21 rejected, with the rest in play to some degree.

To be fair, a number of useful advances have been made, and continue to be made. For instance, the Labor government committed to regular regulatory stocktakes in response to my report on *Operation Sunlight*. The Statute Stocktake Bill (No. 1) 2011 is the latest in the series of essential financial housekeeping that abolishes 39 special appropriations, including a statutory special account, repeals redundant provisions in 11 Acts and repeals 25 Acts in their entirety.<sup>3</sup>

The ‘dark arts’ in my lecture title is derived from the second of two quotes that show that deceit in government is alive and well. In 2007 Professor John Wanna said, at the end of the Howard Liberal/National era:

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\* This paper was presented as a lecture in the Senate Occasional Lecture Series at Parliament House, Canberra, on 10 June 2011.

<sup>1</sup> Australian Government, *Operation Sunlight: Enhancing Budget Transparency*, December 2008, p. 2, <http://www.finance.gov.au/financial-framework/financial-management-policy-guidance/operation-sunlight/docs/operation-sunlight-enhancing-budget-transparency.pdf>.

<sup>2</sup> Andrew Murray, *Review of Operation Sunlight: Overhauling Budgetary Transparency*, June 2008, <http://www.finance.gov.au/financial-framework/financial-management-policy-guidance/operation-sunlight/docs/budget-transparency-report.pdf>. A crude analysis indicates 10 recommendations implemented, seven partly implemented, seven still in progress and 21 recommendations not implemented.

<sup>3</sup> Gary Gray, Second reading speech, Statute Stocktake Bill (No. 1) 2011, House of Representatives debates, 23 March 2011, p. 2981.

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The executive likes to keep the legislature guessing, at arm's length and one or two steps behind. There are problems with the alignment of data and activities, figures and results; it is hard to identify or distinguish old money from new money, offsets from new programs, and how changed preferences for reporting activities vary from previous years.<sup>4</sup>

In reacting to such deceit, in *Operation Sunlight* Labor's Lindsay Tanner argued on a principled basis for budget transparency and fiscal integrity. In that light, how appalling was it to read Mr Tanner's confession in 2011:

As a shadow minister *and minister for finance* [emphasis added], I became adept at these dark arts, using some of what are now the standard tricks employed to maximise political appearances: switching between cash and accrual accounting; using nominal, real or proportion of gross domestic product indicators of spending, according to which indicator suited the argument better; classifying yearly spending as capital; making commitments beyond the forward-estimates years; and spending money at the end of the financial year when you know you're on track to exceed the original budget estimates.<sup>5</sup>

In an indictment of ministerial ethics, the Business Council has so despaired of fiscal dishonesty that it has called for a permanent independent commission of budget integrity.<sup>6</sup>

The Wanna and Tanner quotes show that political expediency can trump fiscal honesty. If a thorough review of the *Charter of Budget Honesty Act 1998* ever happens, hopefully a way will be found to not only identify but punish this sort of deceitful conduct. I was prescient in 2008 in my budget transparency report,<sup>7</sup> when I wrote:

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<sup>4</sup> John Wanna, *Through a Glass Darkly: The Vicissitudes of Budgetary Reform in Australia*. Melbourne, CPA Australia, 2007, p. 2 quoted in Murray, *Review of Operation Sunlight*, op. cit., p. 18.

<sup>5</sup> Lindsay Tanner, *Sideshow: Dumbing Down Democracy*. Carlton North, Vic., Scribe Publications, 2011, p. 108. The Hon. Lindsay Tanner was Minister for Finance, 2007–10.

<sup>6</sup> Graham Bradley, 'We need to have faith in the government's sums', *Australian*, 30 May 2011, p. 14.

<sup>7</sup> To encourage readers to read the 2008 report on budgetary transparency: in correspondence to me Minister Tanner described the report to the Australian Government *Review of Operation Sunlight* as 'a landmark work on public sector accountability'; and in 2009 the Australian National University advised me they were 'using your outstanding Operation Sunlight report as a reference on the nature, requirements and importance of governmental accountability for our Public Sector Accounting course this year. It is the best reference available on the topic—your insight into the topic is most valuable'.

If you want high standards, accountability and good governance, you cannot rely on particular individuals in a particular role at a particular time—you have to institutionalise and legislate those standards, so they are there whoever is in charge.<sup>8</sup>

The combination of partisan politics, executive judgement and discretion, authority, power, and money, has always posed dangers. Heeding the lessons of history, liberal democracy's response to such dangers has been to stress the rights of the people, the importance of the separation of powers, the rule of law, representation, having to account to the people, transparent process, ethics and strong governance. It has created institutions and laws to support these democratic pillars. Liberal democracies stress regular elections and the importance of parliaments as a necessary safeguard, separate from and at times opposed to governments.

But systems and institutions are not enough. Individuals matter, their personal and collegiate conduct matters, their ethics matter. If you cannot rely on someone of the calibre and promise of Lindsay Tanner not to practice the dark arts as Minister of Finance, an office where the highest standards are essential, what hope is there for ethics and integrity in public finance?

I say there is plenty of hope. Tanner wasn't constantly in dark arts mode. Ministers often do the right thing. There are lots of good people in politics and the public sector. Most of all there is hope because of a very high standard of legislated institutionalised and practised integrity, accountability and governance measures, supported by strong institutions, and buttressed by parliamentary opposition, the media and civil society.

The dark arts quotes remind us that more needs to be done, not just to improve accountability, not just to advance efficiency and effectiveness, but to improve political performance and the political culture. I intend to devote much of this lecture to issues of the Parliament. Combating the dark arts in this very complex world requires the Parliament to become a lot more able and assertive. The dark arts prevail when the media and the Parliament don't notice or don't care, or are too weak to do anything about it. Accountability and transparency is weakened where parliaments are weak, and where parliamentarians are weak.

In this lecture I am not going to repeat the prescriptions and suggestions I laid out in my budget transparency report. Instead I will suggest ways to help improve fiscal practice and to help combat the dark arts by:

- improving parliamentary performance;

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<sup>8</sup> Murray, *Review of Operation Sunlight*, op. cit., p. ii.

- 
- improving the states' performance;
  - improving Commonwealth performance.

### **Improving parliamentary performance<sup>9</sup>**

Parliament has to do battle against the dark arts, against that which is wrongly hidden, that which is not what it seems, and performance that is not good enough. History's lessons require them to be wary of those who rule and the might of the state.

Parliament is inferior to the executive in its resources. If power is best challenged by countervailing power, what more can be done to lend parliamentarians a hand?

- the Senate should get tough on the Compact;
- Parliament should be in control of its own budget;
- Parliament should be better serviced;
- parliamentarians' standards and training need to be lifted.

### ***The Senate should get tough on the Compact***

It is my experience that the House of Representatives, the media, and the public expect the Senate to buckle in most battles with the executive. Nothing illustrates the psychological dominance of the Senate by the executive more than the saga of the Compact. The way in which the executive gets its hands on money matters (which incidentally is another reason why Parliament must insist on my budget report recommendations on standing appropriations).<sup>10</sup>

Budget transparency and financial accountability are a constitutional imperative: legal requirements that flow from the higher law of the Australian Constitution, as

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<sup>9</sup> For a more detailed exposition of some of the elements in this section, see a paper by Andrew Murray delivered to the Australasian Council of Public Accounts Committees Eleventh Biennial Conference in Perth, Western Australia, 27–29 April 2011, titled 'Parliamentarians, politicians and accountability'.

<sup>10</sup> Murray, *Review of Operation Sunlight*, op. cit., pp. 29–32:  
'Recommendation 11: That the Government include sunset clauses in all future Standing Appropriations.  
Recommendation 12: That Special (or Standing) Appropriations and their continued operation be given greater attention whereby:  
a) the Government conduct a housekeeping exercise and repeal standing appropriations that are redundant;  
b) at least annually Finance undertake reviews of these appropriations and report to Parliament as to whether there is a continuing need for the appropriations and/or the legislation within which those appropriation clauses reside; and  
c) Parliament, through the appropriate and relevant Committees, undertake periodic reviews of Special (or Standing) Appropriations.'



supplemented by statute.<sup>11</sup> Section 53 restricts the powers of the Senate to amend bills providing for the ‘ordinary annual services of the government’. An appropriation bill not for the ordinary annual services of the government may be directly amended by the Senate.

In the Compact of 1965 the Senate and the government finally agreed on which matters constitute the ‘ordinary annual services of the government’. The purpose of placing ordinary annual services and new policies in separate appropriation bills is to enable Parliament to identify which expenditure is for normal ongoing activities of the government, and which expenditure is for other purposes and is subject to Senate amendment. The Constitution says there must be separation, and the Compact clarifies the allocation to be followed, but short of rejecting the annual appropriation bills, there is presently no mechanism for resisting breaches of the Compact by the executive.

I noted in my 2008 report that parliamentary committees and the Australian National Audit Office identified a growing number of expenditure measures that were wrongly included in the appropriation bills reserved for the ordinary services of the government, such as the 2007 ‘ordinary annual’ horse flu outbreak response.<sup>12</sup> The 2011–12 Budget has examples of significant new policies included in the ordinary annual services appropriation bill, such as the government allocation of \$1.3 billion over eight years to ‘reward payments for great teachers’. The government itself concedes this is a new initiative.<sup>13</sup> A direct challenge by the executive to the unambiguous intention of the Australian Constitution and a blatant disregard for budgetary propriety will likely again<sup>14</sup> go unchecked by the Senate.

The treatment of appropriation bills is very important constitutionally, from an accountability perspective, from a transparency perspective, and from a propriety perspective. Lindsay Tanner, the new Minister for Finance, indicated in 2008 that he would help the Senate resolve this matter with the government. In September 2009 a

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<sup>11</sup> Murray, *Review of Operation Sunlight*, op. cit., p. ii.

<sup>12</sup> See for example: Australian National Audit Office, *ASIC’s Implementation of Financial Services Licences*, Audit report no. 25, 2005–06, January 2006; Senate Standing Committee on Finance and Public Administration, *Annual reports, no. 2 of 2007*, September 2007 and *Additional Estimates 2007–08*, March 2008; Senate Appropriations and Staffing Committee, 45th report, March 2008.

<sup>13</sup> Commonwealth of Australia, *Budget Measures 2011–12*, Budget paper no. 2, 2011–12, p. 172, <http://cache.treasury.gov.au/budget/2011-12/content/download/bp2.pdf>; Commonwealth of Australia, *Education, Employment and Workplace Relations Portfolio Budget Statements 2011–12*, Budget related paper no. 1.6, pp. 54 and 63, [http://www.deewr.gov.au/Department/Budget/Documents/20112012/2011-2012\\_DEEWR\\_PBS\\_04\\_Outcome\\_2.pdf](http://www.deewr.gov.au/Department/Budget/Documents/20112012/2011-2012_DEEWR_PBS_04_Outcome_2.pdf).

<sup>14</sup> Murray, *Review of Operation Sunlight*, op. cit., p. 13. Ordinary annual services appropriation bills can contain a bizarre list of significant government expenditure that could only be classified as new policies. Prominent examples included the 2004 ‘ordinary annual’ tsunami relief, the 2006 ‘ordinary annual’ Work Choices advertising campaign, the 2007 ‘ordinary annual’ horse flu outbreak response and the 2008 ‘ordinary annual’ 2020 Summit.

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resolution of the Senate called on Tanner to provide a substantive response to the Senate Appropriations and Staffing Committee.<sup>15</sup> In November 2009 Tanner indicated that the government saw ‘no need to change the Executive’s interpretation of the Compact’.<sup>16</sup> The dark arts triumphed. Nothing changed.

Ordinary annual services are not contentious appropriations. New measures can be. What the executive has been doing is putting completely new programs and projects that could be amended by the Senate in a bill that constitutionally cannot be amended by the Senate. The rejection of new budget measures could cause a double dissolution, which isn’t the end of the world. Blocking supply is an entirely different matter. The rejection of the ordinary annual services appropriations bill paying wages<sup>17</sup> would initiate a financial and constitutional crisis.

Successive Senates have been stonewalled by the executive, secure in the knowledge the Senate will do nothing, despite the Senate Finance and Public Administration Committee and the Senate Appropriations and Staffing Committee unanimously and consistently saying how serious the matter is.

The Senate should toughen up. The Senate should refuse to deal with the appropriation bill for the ordinary annual services of the government until those items that the Senate itself agrees are not ordinary annual services are moved to the correct appropriation bill. That is not a rejection, it is just insisting on constitutional and budgetary propriety.

### ***Parliament should be in control of its own budget***

Democracies are wary of a concentration of power and the abuse of power. If parliament controlled its own budget it would advance the separation of powers. Democracies try to keep separate the parliament’s power to make laws and to tax, from the executive’s power to propose laws and to spend the revenue, from the bureaucracy’s power to administer laws and programs, and from the judiciary’s power to determine disputes according to law. Each of these is meant to act as a check and balance on the other, but if the executive holds the financial and resources whip hand (and the appointments and tenure whip hand, but leave that for another day ...) then there is a great imbalance in power.

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<sup>15</sup> *Journals of the Senate*, 16 September 2009, p. 2511, [http://www.aph.gov.au/senate/work/journals/2009/jnlp\\_091.pdf](http://www.aph.gov.au/senate/work/journals/2009/jnlp_091.pdf).

<sup>16</sup> Senate Standing Committee on Appropriations and Staffing, *Ordinary Annual Services of the Government*, 50th report, June 2010, p. 6, [http://www.aph.gov.au/senate/committee/app\\_ctte/50th\\_report/report.pdf](http://www.aph.gov.au/senate/committee/app_ctte/50th_report/report.pdf).

<sup>17</sup> Commonwealth of Australia, *Agency Resourcing*, Budget paper no. 4, 2011–12, pp. 7–9, describes Appropriation Bill (No 1) that covers the ordinary annual services of the government.

Supporters of a genuine separation of powers argue that a strong, well-resourced, properly funded, independently minded and fully effective parliament needs financial independence. A financially hamstrung or subservient parliament cannot adequately scrutinise or hold accountable the executive. The executive can withhold or limit the funds available for an effective independent committee system and for adequate independent research and analysis.

The parliamentary service is separate from the public service, and the government accords the Australian Parliament its own appropriations bill (and now, finally, there are appropriations committees in both houses), but the executive retains a tight hold over content and insists on maintaining financial control, a power it occasionally uses unilaterally.

As an example, the Senate Appropriations and Staffing Committee's report endorsed three proposals for the Senate's 2011–12 funding submission to the Prime Minister and Finance Minister for:

- the new Joint Select Committee on Gambling Reform;
- legislative drafting and advice (to meet a higher demand for private senators' bills resulting from the 'new paradigm'); and
- enhanced information management capacity.

The executive only approved extra funding to support the new joint select committee. There was no response to the committee's correspondence and no reason was given for their decision.<sup>18</sup> This is despite Senate resolutions outlining a process for resolving disagreements between the Senate and the government over the estimates for the Department of the Senate.

Other parliaments balance parliamentary financial independence with sound responsible budgeting, including the United Kingdom, New Zealand and Canada. Some retain executive approval for parliamentary budgets; others such as Denmark, France, Sweden and Switzerland do not.

In 2006, then House of Representatives Speaker David Hawker said 'greater financial autonomy, together with enhanced management and scrutiny, is a desirable reform for Australia's parliamentary administration; there is no more important power for a

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<sup>18</sup> Senate Standing Committee on Appropriations and Staffing, *Estimates for the Department of the Senate 2011–12*, 52nd report, May 2011, p. 1, [http://www.aph.gov.au/Senate/committee/app\\_ctte/52nd\\_report/report.pdf](http://www.aph.gov.au/Senate/committee/app_ctte/52nd_report/report.pdf).

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parliament than control over its resources'.<sup>19</sup> If the new parliamentary budget officer is to really be an independent officer of Parliament, he or she should be given financial autonomy. Like the Parliament, the Parliamentary Budget Office (PBO) will not get it. There has been no sign in this time of minority government of the Greens and independents taking up this cause.

### ***Parliament should be better serviced***

When the dark arts are being employed, we need to help the victims. Parliament's power to tax and spend is arguably its most important power of all. Parliamentarians need to understand money: how it is raised, how it is spent and by whom; how it is accounted for; how justified; how reported.

Three ways in which Parliament can be better served on money matters are by:

- insisting on clear consistent budget and financial reporting;
- providing independent quality research analysis and advice to Parliament on fiscal matters;
- making the Auditor-General an independent officer of the Parliament.

It is parliamentarians who are required to assess the myriad financial information with which they are presented. Since most are financial laymen, financial statements and reports need to be as clear and easy to use and understand as possible.<sup>20</sup>

### *Independent advice and analysis on fiscal matters*

Too much of parliamentary analysis or reaction to budgets and financial information is left to portfolio-holders, to individual initiative and vigilance, or to set-piece sessions like estimates. More real-time reaction is required.<sup>21</sup> To help resist the dark arts the Parliamentary Library and the specialist parliamentary fiscal committees should be given additional persons with accounting or finance skills, and additional authority to analyse and react in real time to relevant government financial reporting, by providing parliamentarians with objective analysis.

Thankfully, the independents capitalised on the present minority government situation to initiate a Parliamentary Budget Office responsible to the Parliament, intended to provide independent quality research analysis and advice to Parliament on fiscal

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<sup>19</sup> David Hawker, *Funding Arrangements for the Parliament of Australia: A View to the Future*, 37th Presiding Officers and Clerks Conference, Perth, July 2006, [http://www.democraticaudit.anu.edu.au/papers/20070302\\_hawker\\_parlfund.pdf](http://www.democraticaudit.anu.edu.au/papers/20070302_hawker_parlfund.pdf).

<sup>20</sup> There is extensive commentary on this topic in Murray, *Review of Operation Sunlight*, op. cit.

matters. The PBO should also be tasked with parliamentary oversight of Commonwealth Grants Commission activity and to watch over Commonwealth–state financial relations.

The inquiry into the PBO described key values in a parliamentary budget office as transparency of process, equality of access to its services, and observing the separation of the parliament from the executive. They ‘recommended that the mandate of the PBO be to inform the Parliament by providing independent, non-partisan and policy neutral analysis on the full budget cycle, fiscal policy and the financial implications of proposals’.<sup>22</sup> I endorse the committee’s recommendation that the position of Parliamentary Budget Officer be established as an independent officer of Parliament through dedicated legislation, but there are concerns on access to information and financial independence.

The committee suggested that ‘for the PBO to effectively fulfil its mandate ... it will need special access to information and data held by Government ...’<sup>23</sup> and considered several options, including giving the PBO legislated powers to compel information (like the Auditor-General), legislated provisions to request information (like the New South Wales PBO), negotiated agreements with agencies, and the use of freedom of information (FOI) laws. The committee decided that the PBO should seek to negotiate and develop memoranda of understanding with the departments of Treasury and Finance to share information and data. As a backup, if information is not forthcoming under the memoranda of understanding, the committee recommended that the PBO should be entitled to use the formal freedom of information processes without cost. The committee also noted that a further option would be to report the matter to the Joint Committee of Public Accounts and Audit.<sup>24</sup>

Hardly an encouraging statement of authority and independence is it? The idea that the sovereign Parliament of Australia needs to go cap in hand to negotiate agreements with bureaucracies or to get documents under FOI is repugnant. I agree with the Clerk of the Senate, that:

... the parliament as the grand inquisition of the nation is scrutinising the operations of government on behalf of the people ... and has both the right and the powers to have information to inform it to do that job properly.<sup>25</sup>

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<sup>21</sup> These observations were also made in Murray, *Review of Operation Sunlight*, op. cit.

<sup>22</sup> Joint Select Committee on the Parliamentary Budget Office, *Inquiry into the Proposed Parliamentary Budget Office*, Canberra, March 2011, p. vii.

<sup>23</sup> *ibid*, p. 75.

<sup>24</sup> *ibid*, p. 76.

<sup>25</sup> Rosemary Laing in Joint Select Committee on the Parliamentary Budget Office, *Committee Hansard*, 1 February 2011, p. 32, <http://www.aph.gov.au/hansard/joint/commtee/J13557.pdf>.

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To be truly effective the PBO will need to be given legislated powers to compel information, including from third parties, with the appropriate safeguards for genuinely confidential and private information. It is interesting to contrast the full support of the need for wide-ranging powers for the Auditor-General in the Joint Committee of Public Accounts and Audit (JCPAA) *Report 419*<sup>26</sup> and Rob Oakeshott's consequent bill,<sup>27</sup> with the PBO committee's qualified approach.

*Making the Auditor-General an independent officer of the Parliament*

The idea that the Auditor-General should be an independent officer of the Parliament with secure tenure is widely accepted.<sup>28</sup> That the Auditor-General's budget should be the responsibility of the Parliament and not the executive is not.<sup>29</sup> I have seen under-resourcing of the Audit Office by the executive and it is a risk and restraint that should be avoided.

Bearing in mind how vital it is for Parliament to 'follow the dollar', and bearing in mind how vital the Auditor-General is as an aid to this task, scrutiny committees should be alert to weaknesses in the powers of an auditor-general.

JCPAA's *Report 419* recommended:

- allowing full Auditor-General audit access to all entities controlled by government, and authority to 'follow the dollar' where non-government bodies are in receipt of funding to deliver agreed outcomes;
- that claims of legal professional privilege should not override the Auditor-General's information gathering powers;
- that funding agreements to other levels of government should automatically include standard clauses permitting Auditor-General access to information and records, and a capacity to inspect work.

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<sup>26</sup> Joint Committee of Public Accounts and Audit, *Report 419: Inquiry into the Auditor-General Act 1997*, Canberra, December 2010, <http://www.aph.gov.au/house/committee/jcpaa/agact/report.htm>.

<sup>27</sup> Auditor-General Amendment Bill 2011.

<sup>28</sup> The Auditor-General is an independent officer of the Parliament: *Auditor-General Act 1997* section 8(1).

<sup>29</sup> Paragraphs 8(1)(j) and (l) of the *Public Accounts and Audit Committee Act 1951* requires the JCPAA to consider draft estimates for the Audit Office and to make recommendations to both houses of Parliament, and to the relevant minister, on the draft estimates. This does not amount to financial independence for the Auditor-General, or parliamentary control of the Auditor-General's budget. This is illustrated in a recent statement by the chair of the JCPAA: 'The Auditor-General advised that, in common with other agencies, the ANAO is facing increased employee and supplier costs. He again reiterated that the Audit Office has had to absorb the impact of recent changes to the Australian Auditing Standards: 'Despite the support of the ... committee the ANAO was not successful in receiving additional supplementation in the 2009–10 and 2010–11 budgets to offset these costs.' (Rob Oakeshott, Proof House of Representatives Hansard, 10 May 2011, p. 26, <http://www.aph.gov.au/hansard/reps/dailys/dr100511.pdf>).

There has long been a need for Auditor-General access to other levels of government and non-government third parties, often the biggest providers of services and goods. Third parties have been spending the money, but the Commonwealth has been carrying the risk. By the way, third parties should include states and territories that underperform on Commonwealth programs. It should be possible for the Commonwealth to request a state Auditor-General do a performance audit, and to pay for it if they agree. As Senate estimates recently explored, additional funding will need to go to the Auditor-General if he is to use third party access powers effectively.<sup>30</sup>

***Parliamentarians' standards and training need to be lifted***

Combating the dark arts requires capable parliamentarians. In the liberal democratic system an election is meant to be a fair, honest, open, affordable contest engaging as many eligible voters as possible and giving them an informed choice on the best candidates to represent them, either independents or from well-run political parties. Candidate quality is meant to be ensured by high preselection standards, with able candidates on offer because they are attracted by the honour of public service, the vital role of parliamentarians in a liberal democracy, and the very nature of the political profession.

Are elections like that? If they are not, how can democracy be strengthened? In my writings elsewhere<sup>31</sup> I have proposed a focus on three areas:

- addressing issues that affect the supply of candidates—remuneration and governance;
- addressing reputational and affordability issues—funding and expenditure;
- strengthening Australia's democracy.

A Senate inquiry<sup>32</sup> cited evidence that not-for-profit organisations in general exhibit a lack of transparency in the way in which public or donated funds are spent, a lack of accountability, and poor reporting to donors and the public, exacerbated by no

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<sup>30</sup> Senate Finance and Public Administration Legislation Committee, Estimates Hansard, 24 May 2011, pp. 35–7, <http://www.aph.gov.au/hansard/senate/committee/s52.pdf>.

<sup>31</sup> Andrew Murray, Submission no. 3 to the Joint Standing Committee on Electoral Matters' inquiry into the conduct of the 2010 federal election, January 2011, <http://www.aph.gov.au/house/committee/em/elect10/subs/Sub003.pdf>.

<sup>32</sup> Senate Standing Committee on Economics, *Disclosure Regimes for Charities and Not-for-profit Organisations*, Canberra, December 2008, [http://www.aph.gov.au/Senate/committee/economics\\_ctte/charities\\_08/report/report.pdf](http://www.aph.gov.au/Senate/committee/economics_ctte/charities_08/report/report.pdf).

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uniform accounting or reporting standards.<sup>33</sup> Third sector law regulation and reporting is a mess.<sup>34</sup>

Those faults are also characteristic of political parties. It might help if those who govern us had governance systems for their organisations that led by example.

In the midst of social, economic and environmental reform, the Australian political sector is left largely untouched, as if only the political class do not need to be more able, a higher calibre, more productive, more competitive, professionally more suited for the future. I won't rehash my 2009 ANU *Agenda* article entitled 'Can better political governance give Australia an improved political class?'<sup>35</sup> but I did say there that Australians are demanding higher standards and better performance from their governments and politicians and that:

Governance through law, regulation and process makes power subject to performance and accountability and leads to better outcomes and conduct; which is why so much effort was put into better governance in the bureaucratic, union and corporate sectors, with great improvements resulting.

Improved political governance will over time lift the overall calibre of the political class by requiring greater professionalism, better preselection recruitment and training, a sustainable career path for professional parliamentarians as well as those that aspire to an executive ministerial career, and by reducing the opportunity for patronage, sinecures and dynastic factionalism. Australia has many able politicians but the overall quality and ability of politicians, parliamentarians and ministers—local, state, territory, and federal—needs lifting to cope better with the modern world.

A trained, professional, experienced political class that is sourced from a deep talent pool and that is subject to the rigours of regulation, due process, and organisational integrity will always perform better than one that is not. Most work environments are focussed on productivity and performance delivered through training. In contrast formal training is curiously neglected in politics, and training is best characterised as 'on the job'. One of the reasons many parliamentarians struggle is the lack of

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<sup>33</sup> See also the public submission by Andrew Murray in February 2009 in response to the Australian Government's December 2008 *Electoral Reform Green Paper: Donations, Funding and Expenditure*.

<sup>34</sup> See for instance Andrew Murray, 'One regulator one system one law: the case for introducing a new regulatory system for the not for profit sector', Canberra, July 2006, available from the Parliamentary Library, Canberra.

<sup>35</sup> The Australian National University's Faculty of Economics and Commerce publishes *Agenda: A Journal of Policy Analysis and Reform*. Andrew Murray's article in vol. 16, issue 3 (2009) was 'Can better political governance give Australia an improved political class?'



professional development and training for them. Many parliamentarians do not attend to finance. Most do not make the effort to train in finance. Not enough parliamentarians on public accounts committees can read financial statements and balance sheets. Not enough have a working knowledge of government accounting principles and systems. The government pours billions into lifting the skills and training of every sector but politics. Like all workforces, elected representatives would benefit from better training on entering their new profession,<sup>36</sup> reinforced by periodic professional development.

### **Improving the states' performance**

Appendix A of Budget paper no. 3<sup>37</sup> is an interesting read, covering federal–state financial relations. It does not acknowledge that this relationship is under real strain. I cannot cover the big federalism issues here,<sup>38</sup> and will only comment on tax expenditures, the Commonwealth Grants Commission, and the goods and services tax (GST).

### ***Tax expenditures***

Tax expenditures are provided in many forms including tax exemptions, tax deductions, tax offsets, concessional tax rates and deferral of tax liability.<sup>39</sup> Tax expenditures have been called the ‘twilight zone of government spending’.<sup>40</sup> In many cases it is not possible to show whether objectives are being achieved and whether the actual concession benefits are proportionate to the costs.<sup>41</sup>

In a 244-page report the Commonwealth lists 349 tax expenditures for 2010–11 estimated at \$117 billion.<sup>42</sup> When I looked at the Queensland tax expenditure report in

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<sup>36</sup> Intensive residential courses could be devised. As an example formal courses might include essential legal principles and legislation design; political parliamentary electoral and constitutional law and systems; government and the bureaucracy in all its complexity; foreign affairs, treaties and diplomacy; accountability laws, systems and practices; procurement and tendering; budgets finance and revenue, including cost–benefit analysis; managing a parliamentary office and staff; and so on.

<sup>37</sup> Commonwealth of Australia, *Australia's Federal Relations*, Budget paper no. 3, 2011–12, <http://www.aph.gov.au/budget/2010-11/content/bp3/html/index.htm>.

<sup>38</sup> However, see my evidence to the Senate Select Committee on the Reform of the Australian Federation (Reference: Relations between federal, state and local governments), *Official Committee Hansard*, 9 March 2011, Perth, <http://www.aph.gov.au/hansard/senate/committee/S13649.pdf>.

<sup>39</sup> The Treasury defines tax expenditures as a ‘provision of the tax law that provides a benefit to a specified activity or class of taxpayer that is concessional when compared to the “normal” tax treatment that would apply’. The Treasury, *Tax Expenditures Statement 2010*, January 2011, p. 13, [http://www.treasury.gov.au/documents/1950/PDF/2010\\_TES\\_consolidated.pdf](http://www.treasury.gov.au/documents/1950/PDF/2010_TES_consolidated.pdf).

<sup>40</sup> Julie Smith, *Tax Expenditures: The \$30 Billion Twilight Zone of Government Spending*, Department of the Parliamentary Library research paper no. 8, 2002–03, <http://aph.gov.au/Library/pubs/rp/2002-03/03RP08.pdf>.

<sup>41</sup> Murray, *Review of Operation Sunlight*, op. cit., p. 47.

<sup>42</sup> The Treasury, *Tax Expenditures Statement 2010*, op. cit., p. 4.

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2011 it totalled seven pages, and it was one of the better ones.<sup>43</sup> On the analysis and reporting side, there is very poor tax expenditure analysis and reporting by the states.<sup>44</sup>

Many billions of sometimes over-generous historical concessions on taxes fees and charges apply under state and local governments. The Commonwealth and states, both ever-anxious about money, should pay attention to the sums concerned.<sup>45</sup> The WA Government's phased end to the royalty concession on 'fines' produced from iron ore will realise nearly \$2 billion over the next four years.

In 2008 the Audit Office recommended that Treasury develop standards to govern the integrated reporting of outlays and tax expenditures, drawing on international developments. Indirect budget outlays or tax expenditures have a long way to go before they catch up to the accounting and reporting standards that apply to direct outlays. This is particularly so with respect to the need for a settled, nationally applicable and comprehensive reporting framework for tax expenditures, a set of benchmarks, and accounting standards.<sup>46</sup>

Estimates of tax expenditures at the state level are calculated using benchmarks defined by each state, and differences can be significant. Some states consider payroll tax exemptions for small business a tax expenditure, while others do not.<sup>47</sup> Victoria estimates its payroll tax expenditure to be \$887 million in 2010–11, but if the small business exemption was included the tax expenditure would increase to \$2.853 billion.<sup>48</sup> Western Australia reports a tax expenditure for payroll tax of \$1.612 billion in 2010–11, which would reduce to \$29.9 million if the small business exemption were not considered a tax expenditure.<sup>49</sup>

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<sup>43</sup> Queensland Government, *State Budget 2010–11, Budget Strategy and Outlook 2010–11*, Budget paper no. 2, Appendix A.

<sup>44</sup> Murray, *Review of Operation Sunlight*, op. cit., pp. 43–8.

<sup>45</sup> The Henry Review recommended simplifying and rationalising many Commonwealth tax expenditures; *Australia's Future Tax System: Report to the Treasurer*, Canberra, The Treasury, December 2009.

<sup>46</sup> Australian National Audit Office, *Preparation of the Tax Expenditures Statement*, Audit report no. 32, 2007–08, p. 47, [http://anao.gov.au/~media/Uploads/Documents/2007%2008\\_audit\\_report\\_32.pdf](http://anao.gov.au/~media/Uploads/Documents/2007%2008_audit_report_32.pdf).

<sup>47</sup> The Treasury, *Architecture of Australia's Tax and Transfer System*, August 2008, pp. 34–6, [http://www.taxreview.treasury.gov.au/content/downloads/report/Architecture\\_of\\_Australias\\_Tax\\_and\\_Transfer\\_System\\_Revised.pdf](http://www.taxreview.treasury.gov.au/content/downloads/report/Architecture_of_Australias_Tax_and_Transfer_System_Revised.pdf).

<sup>48</sup> Victorian Department of Treasury and Finance, *Victorian Budget: 2011–12 Statement of Finances*, Budget paper no. 5, pp. 175–7, [http://www.budget.vic.gov.au/CA25783300199E40/WebObj/BP52011-12/\\$File/BP52011-12.pdf](http://www.budget.vic.gov.au/CA25783300199E40/WebObj/BP52011-12/$File/BP52011-12.pdf).

<sup>49</sup> Western Australian Department of Treasury and Finance, *2011–12 Budget: Economic and Fiscal Outlook*, Budget paper no. 3, p. 97, [http://www.dtf.wa.gov.au/cms/uploadedFiles/State\\_Budget/Budget\\_2011\\_12/2011-12\\_bp3.pdf](http://www.dtf.wa.gov.au/cms/uploadedFiles/State_Budget/Budget_2011_12/2011-12_bp3.pdf).

It is perfectly reasonable for the grantor to insist that the grantee properly accounts for its financial situation. As a condition of providing finance to the states the Commonwealth should insist that the states and territories report in full on their tax expenditures on a uniform basis as agreed through the Council of Australian Governments (COAG), or in the absence of that, as laid down by the Commonwealth.

### ***The Commonwealth Grants Commission***

Some think the Commonwealth Grants Commission's processes opaque and Delphic. Some claim an outdated philosophy means the commission cossets anti-development Tasmanian nirvanists at the expense of the rest. Still others say it is a daft system that takes money away from the states that need it to produce jobs and national wealth, so reducing Australia's capacity to produce more jobs and more wealth.

Born in the Great Depression,<sup>50</sup> affected by the attitudes that era entails, the commission process for resolving grants to the states and territories does need review and overhaul. With respect to the commission, the government suggests that at the moment underperformance in service delivery and economic growth can be rewarded, states can be hit with unexpected shocks to their finances, and current arrangements are complex and accordingly not very transparent. They say states should not be put in the position where they can be penalised for investing in economic growth and improved service delivery, and that states should have an incentive to invest in economic reform and should not be unfairly punished for success.<sup>51</sup> I agree.

Unfortunately, there is no holistic review of the commission under way, just an important but slow 17-month look at its GST distribution to the states and territories. Western Australia needs more money to continue its investment in a growing state economy that also holds the key to Australia's prosperity, yet the Commonwealth arrangements have reduced its income, so simultaneously harming both Western Australia and Australia. When WA's government quite rightly makes up the shortfall through revenue measures and greater borrowings,<sup>52</sup> it is pilloried, threatened and could well be penalised.

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<sup>50</sup> The Commonwealth Grants Commission is an independent statutory authority which was established in 1933 to assess claims made by states for financial assistance.

<sup>51</sup> Wayne Swan, 'Review of GST distribution', Media release no. 028, 30 March 2001, <http://ministers.treasury.gov.au/DisplayDocs.aspx?doc=pressreleases/2011/028.htm&pageID=003&min=wms&Year=&DocType=0>.

<sup>52</sup> Western Australia has shifted to a projected net debt of \$22.4 billion by 2015—Christian Porter, 'State Budget 2011–12: supporting our community, building the state—increased accountability through disciplined financial management', Media statement, 19 May 2011, <http://www.mediastatements.wa.gov.au/Pages/Results.aspx?ItemId=140392>.

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The goods and services tax is remitted to the states and territories after deducting Commonwealth administration costs. In 2011–12 GST will be \$51 billion.<sup>53</sup> Currently, Western Australia receives just 68 cents for every GST dollar that is collected in WA, and this is projected to decrease in 2014–15 to less than 40 cents back for every dollar. The WA Government wants a guaranteed floor at around 75 cents in the dollar which would mean WA would retain an additional \$5.6 billion in GST revenue over the next four years.<sup>54</sup>

There are no poker machines in pubs and clubs in WA. Ridiculously, if WA introduced gaming machines and raised half a billion a year in gambling taxes from them it would be rewarded by the commission, not penalised. All the states gambling tax revenue was \$5 billion in 2008–09.<sup>55</sup> The Grants Commission does not cut the other states share of GST revenue as a result of their gambling revenue, but it does cut WA's share of GST revenue as a result of WA's royalties revenue.

The aggressively proprietorial federal attitude to mineral resources is misplaced. Australia is a federation, not a unitary state. Western Australian mineral resources belong to Western Australians; Queensland mineral resources belong to Queenslanders. The Grants Commission treats mining royalties as taxes when they are a payment for the extraction and use of a non-renewable state-owned asset.

Peter Urban,<sup>56</sup> former Chief Economist for the Department of Foreign Affairs and Trade, suggested in a 2010 article that if the commission includes mining royalties in state revenues it should be consistent and include other property income such as revenue from state land or other asset sales, which it does not. The commission's formula disadvantages the main mining states relative to other states. Conversely, it advantages states that rely relatively heavily on asset sales to support their budget.

Overall, the commission either heavily discounts or assesses equally almost half of some states' revenue capacity, and effectively applies a premium to other states' revenue-raising. The result is the burden of Australian horizontal fiscal equalisation is disproportionately pushed onto states such as WA where the tax base is neither discounted nor assessed as equal in revenue-raising capacity. I hope that the current review of GST distribution will address this significant issue.

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<sup>53</sup> Commonwealth of Australia, *Budget Strategy and Outlook*, Budget paper no. 1, 2011–12, Statement 5: Revenue, pp. 5–35, <http://www.budget.gov.au/2011-12/content/bp1/html/index.htm>.

<sup>54</sup> Colin Barnett, 'Premier's statement', Media statement, 15 February 2011, <http://www.mediastatements.wa.gov.au/Pages/Results.aspx?ItemId=136383>.

<sup>55</sup> *Gambling: Productivity Commission Inquiry Report*, no. 50, 26 February 2010, Overview, p. 6, <http://www.pc.gov.au/projects/inquiry/gambling-2009/report>.

<sup>56</sup> Peter Urban, 'Simplified GST sharing formula is simply wrong', *Australian*, 18 November 2010, p. 14.

## **Improving Commonwealth performance**

In Australia, most of the big financial systems changes have been bedded down. Governments now have frameworks of inputs outputs and outcomes, performance measures, and advanced reporting requirements. Accrual budgeting and accounting is in place. Inter-government financial relations have been modernised, and reporting has improved. Public sector agencies have been given more operational flexibility.

The feeling is that systems changes are now less important than institutional changes, such as strengthening parliament or introducing an independent office of budget responsibility. However there are still systems innovations for Australia to consider. New Zealand has introduced their Investment Statement. It provides an overview of the significant assets and liabilities on the Crown's balance sheet, how they have changed over time and how what the Crown owns and owes is forecast to change over the next five years. The main objective of New Zealand's new report is to enable greater scrutiny of the government's management of its assets and liabilities, in order to strengthen the current financial reporting framework. A second objective is to provide a regular statement of the government's investment intentions over the medium term.<sup>57</sup>

Overall, the concept of accountability has moved from just accounting for monies raised and spent to an emphasis on performance, with a focus on results or outcomes.<sup>58</sup>

## ***Value for money***

The big issue now is performance. There are those who think successful performance in agencies should be rewarded. Apart from being a legitimate reason for merit-based promotion, I don't. Satisfactory performance should be expected as a requirement of the job, and its absence should be penalised. What is missing are penalties for poor performance.

There has always been a focus on quantum, on cost. More important is value for money, and timely service delivery of a high standard. Both require measurement and active monitoring of that performance measurement by the executive, the Auditor-General, and the Parliament. This is inadequate at present.

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<sup>57</sup> Bill English, *2010 Investment Statement of the Government of New Zealand*, 14 December 2010, <http://treasury.govt.nz/budget/2010/is>.

<sup>58</sup> Ian McPhee, *Public Sector Accountability*, CPA Australia International Public Sector Convention, Melbourne, 11 March 2011, p. 2.

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It is essential that parliaments and auditors-general focus on what results or outcomes governments get for the money that is spent. The JCPAA is awake to this and has recently recommended:

That the Act be amended as necessary to enable the Auditor-General to review an agency's compliance with its responsibilities for a sub-set of performance indicators ... The Auditor-General should be resourced appropriately to undertake this function.<sup>59</sup>

But if that gets up, it won't help as much as it should if parliamentarians are not interested, trained or skilled enough to use this material to hammer the government.

Performance is key. Value for money is key. That value is gained for the money spent is an essential requirement of government. The larger the sum, the more complex the issue, the harder it is to assess value for money—the cost of a road, or a ship, or of broadband may be largely ignored by the electorate because they can't grasp its financial elements, unless others interpret it for them. Because it is within their range of experience, much easier to grasp is a school hall or TV installation that is not value for money.

People want their governments proactive, responsive, professional, far-seeing, productive, and performance-driven. The demand for higher standards and better performance is strong. The Auditor-General says that performance measurement remains the greatest challenge.<sup>60</sup> The gap between expectation and performance has to be addressed.<sup>61</sup> The Auditor-General says that soft areas in agency management include:

- insufficient mechanisms to ensure value for money;
- insufficient active management of programs by senior executives;
- inadequate performance reporting as programs proceed; and
- performance reporting focussed on program efficiency and effectiveness can be thin or non-existent.<sup>62</sup>

He has provided advice to the Finance Minister on a range of considerations that would contribute to better government.<sup>63</sup> Hopefully she is not only listening but

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<sup>59</sup> Joint Committee of Public Accounts and Audit, *Report 419*, op. cit., p. 25.

<sup>60</sup> McPhee, op. cit., p. 14.

<sup>61</sup> See also Andrew Murray's 17 February 2009 public lecture given in Brisbane for the Australia and New Zealand School of Government: *Essential Linkages—Situating Political Governance, Transparency and Accountability in the Broader Reform Agenda*.

<sup>62</sup> McPhee, op. cit., pp. 4–5.

<sup>63</sup> *ibid*, p. 8.

implementing; and also getting on with more of my recommendations from my review of *Operation Sunlight*.

Her job is to be the defender of sunlight. That means fighting those who practice the dark arts.



**Question** — Regarding professional development of parliamentarians, you've put the case very strongly for parliamentarians to be financially literate, able to read balance sheets, able to scrutinise the mysteries of the information that's put before them. But in practical terms, how do we achieve this? Who's responsible and what do we do?

**Andrew Murray** — Ideally it would flow from the Parliament controlling its own budget and having the resources to carry out professional development. In the end my thesis in this lecture is that the most profound weakness we have in our system is not in the bureaucracy, not in our laws, not in our institutions, not in our systems, but in our parliaments and that we need to upgrade the capacity and capability of those who serve within them. I notice from today's media coverage that Senator Faulkner was off on a similar theme today, as I read it. If you take a much wider pool of talent than we have at present going into Parliament, if you have a much more diverse group, it will I think strengthen Parliament but you are still faced with the fact that a plumber, or a grave digger or a law professor arriving in Parliament might all lack some of the skills and abilities that are needed to be a capable and effective parliamentarian.

Businesses, professional organisations, universities and everybody else out in the working world face this problem every day with people who come to them and you take your new recruits and you train them in those areas which they need to develop and in which they don't have an ability. One of the great problems with our parliament is a very high turnover. The consequence of a high turnover in any organisation is a loss in productivity, a loss of performance. At times to get up to speed you need to institutionalise the deliverance of better capability. That is what every workforce does except for the Parliament. People arrive in this parliament who have never managed an office, never run a budget, never controlled an organisation, never had any experience whatsoever in the very big tasks that they then have to assume as a parliamentarian and some fail, some never get there. Some never achieve the essential abilities which they should have in the job. Frankly it's a failure of budgetary and institutional ability to recognise that and to deliver the outcomes. And by the way, a lot of ministers could do with a lot more professional development.

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**Question** — You delivered this report on *Operation Sunlight* but in your presentation you didn't speak about the recommendations that were accepted and the impact they had. Would you like to reflect on your recommendations and the extent to which they were a success?

**Andrew Murray** — There is an Australian expression 'as boring as bat shit' and I suspect that my report was considered such by many people. I'll give a case of beer to anyone who can find me five journalists of repute who've read the thing—or many parliamentarians. But the government did and so did the Department of Finance and Deregulation. Not as a result of my work, of course. It was a combination of *Operation Sunlight's* intention. But there have been really considerable improvements in budgetary practice as a result of the intersection of those two things. I can give you a number of examples but we don't have a lot of time here. By the way, even though you might consider it boring it was a report highly praised and used as a textbook by the ANU, I'm told, so it is a reasonable read in its scope. Budget paper no. 4, for instance, really does exhibit some of the strengths that came through. The modern set of budget papers are way ahead of what they were twenty years ago and *Operation Sunlight* and my report have contributed to that and there have been other areas of advance. But one of the reasons I didn't approach it is firstly I would have bored you to death, but secondly I think it's up to people to go back to that as a reference and think about it and react to it but I wanted to reinforce a number of key propositions which I think need to be attended to surrounding that and that's why I did what I did today.

**Question** — My question is related to tax expenditures and what we have to do to get them treated the same way as direct expenditures in the budget process. Going back to 1997, I am old enough to remember the Charter of Budget Honesty and that included bringing tax expenditures onto a comparable basis as direct expenditures and how they are reviewed by the parliamentary committees, the estimates committees and how they are reviewed by the government during its budget processes. I also recall an Auditor-General's report which reported on the tax expenditure statements and the problems or otherwise in them and again this issue has come up. The government at the time committed that it was going to review tax expenditures such as the 20 or so billion dollars spent on superannuation tax concessions and they were going to review them in each budget process on a comparable basis to the \$30 billion or so of public pension expenditures which are aimed at the same objective. Similarly, you have got health expenditures of \$30-odd billion, compared to several billion of tax incentives and penalties which come under the same heading. On the other side of the Budget, what do you think is the chance of ever shining the light on tax expenditures, tax concessions, tax incentives on a comparable basis with the money that's spent directly out of the Budget rather than given away out of the back pocket?



**Andrew Murray** — I think there is a lot of chance because in the end governments are hungry for money and this is about an area where reform can result in much more money available to either the people of Australia or to the governments of Australia. Most people do not understand that tax expenditures, if you add them to direct budget outlays, these indirect budget outlays, if you put the two together you increase the total size of budgetary commitment by about 50 per cent. What you have with tax expenditures is revenue foregone. In other words, when you give somebody a concession against a particular tax or fee or charge you are giving them some revenue which otherwise you might have put into the consolidated revenue fund. Now unless you identify these correctly and assess them and understand them, you aren't able to identify where there is no value for money or you are hanging onto something which is no longer needed or is outdated and where waste occurs.

Now if you look at the Commonwealth tax expenditure report the result of that exercise over a number of years has been that people like the Henry tax review look in there and say, 'Here's where we need rationalisation, here's where we need reform and these are the consequences of doing that'. You get more money or you are able to use your money more effectively than you were doing beforehand. One of the reasons I'm so strong about the states' deficiencies is because if you look in the states, the concessions that apply at local government and state government level are just not tracked. The result is there is an enormous waste of money. People are getting concessions and moneys to which they are just not entitled, in my view. But the first way to work that out is to properly identify them and establish them. In the end, and I think that's the point I gathered from your remarks, tax expenditures are as important in fiscal analysis and understanding as direct budget outlays. If you were to ask if that is the case in the media mind, the academic mind, the public mind, the parliamentary mind, I'd say they don't recognise that as a truth.

**Question** — I confess to not being one of the five journalists who have possibly read your report partly because it came out at the time of the GFC and when I did start to read it I thought 'this is as boring as batshit'. It seemed to me a lesser issue than what we were dealing with at the time. I'm sorry I have not got back to it. Two questions. The first one is on tax expenditures and I note in passing that it does depend also on what you define as a tax expenditure. For example, negative gearing is not defined as a tax expenditure and it costs five billion dollars of revenue in real estate alone. I have had successive ministers from both sides of politics assure me that in the budget process the ERC (Expenditure Review Committee) doesn't deal with tax expenditures but the revenue committee gives as much emphasis to tax expenditures as it does to outlay expenditures. I find this very hard to believe. I'd just be interested to know if you think that is just an example of the dark arts of deceit being practiced on an unsuspecting journalist.

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Also on the question of the Grants Commission, is it the whole principle of horizontal fiscal equalisation that you want to tackle? There is simply no way around the fact WA has vastly greater capacity to raise revenue than any other state has ever had relative to the rest in the history of Federation and this does create serious issues for a commission which, like it or not, has been doing a job it has been set up by an Act of Parliament to do with a very specific mandate that governments in each state should be capable of providing the same level of services to their constituents.

**Andrew Murray** — Dealing with the tax expenditures area first, most tax expenditures are what you describe as a standing appropriation. In other words, it is a concession which has been determined by legislation and continues on forever. So it is not examined or introduced or reviewed in every budget session. By the way, one of the reasons why I am so strongly aggressive about oversight and review of appropriations is that about between three-quarters and 80 per cent of budget outlays are in fact standing appropriations. They were laid out in legislation long ago and they go on for infinity. Well how a sovereign parliament can give up the most fundamental power of all, which is the power over money, eternally, and allow standing appropriations to go on to infinity is beyond me. But you'll find more about that in my report. You asked if ministers were telling the truth: no they weren't. You know that. I know that. You all know that. They all know that. Nobody cares. That's the problem.

Dealing with your second issue, with respect to the Commonwealth Grants Commission, any federal or state relationship does need an ordered way of managing the way in which moneys flow between the two. I made the point in my remarks that federal–state financial relationships have been reformed in a positive way so that's not an issue. The mechanism, the formula, which determines so much of that distribution is a problem, which is what I outlined. One of the great virtues of democracies is that it attends to the issue of equity. Horizontal fiscal equalisation, which is a mouthful, is just about equity, trying to ensure that there is a basic standard between states. It is a bit like the welfare argument. You need to go back and look at it. There was a time when people looked at welfare as a blanket. I've always been the kind who believes welfare is a safety net. The problem with the present Commonwealth Grants Commission sense of funding is that it gives certain states a blanket, not a safety net. I think it needs reviewing in terms of its principles. I think the equity principle has to be maintained, but the idea that the present way to deal with it is the only way of dealing with it is a problem and I do rather like Wayne Swan's summation of the problems with the Commonwealth Grants Commission approach.

**Question** — In 1900 the Australian fathers took our section 83 out of the US Constitution. In America the agencies there get an obligation budget. In Australia it's

called a commitment budget or guidance figure. In America you cannot obligate the government unless you have approval to obligate the government. In Australia for 110 years departments have not been presenting their commitment budgets to the Parliament prior to committing the funds such that in Australia, if I am in the public service, I can commit the taxpayer to a future expenditure prior to the approval of the Parliament. Mr Tanner, who may have got my paper that I wrote before 2008 on the unconstitutionality of money bills in Australia, said that he was going to stop the retrospective approval of provisions in money bills, but I don't think he has done it.

**Andrew Murray** — With respect to your last remark, I wouldn't know. Only a departmental person might be able to tell me, but I don't think so. I have two answers to the principal question. The first is that I am old fashioned in the belief that you must abide by law, so therefore what the Constitution asks and requires the Parliament and the government to do with respect to money, it should do. Until such time as the Australian people change that Constitution that's what we should abide by. The second thing is that I was also taught the general rule that there is an exception to every rule. There are some times in which retrospectivity is in fact desirable in money bills. Let me give you an example (and by the way, I happen to disagree with how it is conducted but this is the way it happens in Australia): when the Prime Minister determines that we shall go to war, he commits Australia to a budgetary consequence. That is exactly what John Howard did with Iraq and that is the law, that is what he is entitled to do. So in fact when Parliament eventually passed the appropriation bill for that war it was retrospective because the decision had been made, the commitment had been made, the money was being spent and Parliament was retrospectively agreeing to it. Now I happen to believe that external war-making should be a parliamentary decision. I agree that the executive should be able to react to any emergency or danger on our shores without going to Parliament but that's a separate issue. But the fact is you do need circumstances where there is a cyclone event or there is a war event or where there is something you haven't imagined where retrospectivity is warranted in terms of money bills. In other circumstances, I think, I can understand there would be an argument about it but I'll just leave my answer at that as I haven't read your paper.

