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The siren songs of the faux election campaign are debt and deficit with a sprinkling of poor productivity and the lack of flexibility. It is almost as if Australia must have as much ‘austerity’ as anyone else. Yet, there is plenty of evidence to show that neither debt nor deficits are problems in Australia. Conversely, unemployment and inequality are serious matters hardly mentioned in political discourse.

On the orthodox criteria, Australian has a ‘successful’ economy. In December 2012, The OECD Secretary-General described it as the ‘Iron Man among the OECD countries’. For 2012, GDP growth in Australia was 3.7 per cent compared with 1.4 in the OECD as a whole.

There is no obvious ‘deficit’ problem. Even without a ‘surplus’ in 2012-13, the budget deficit as a proportion of GDP is modest and only bettered by Norway, Korea and Switzerland. The OECD forecasts that Australia will have a balanced budget in 2013 compared to government deficits for the OECD as a whole of 4.6 per cent of GDP and 6.9 and 6.8 per cent for the UK and US respectively.

There is no serious public debt. Australia has a lower debt ratio than any other OECD country except Estonia. For 2013, general government gross financial liabilities as a percentage of GDP is 28.9 per cent compared with 114.4 per cent for the OECD as a whole and 110.4 and 113.0 per cent for the UK and US respectively.

Deficits and debts are part of the right wing and neoliberal attack on government itself. For example, the British conservatives and the US republicans want tax reductions and public spending cuts as part of a long term campaign against the welfare state and ‘big government’. This is an ideological argument unlikely to be swayed by evidence that cutting public spending will decrease economic growth, increase unemployment and aggravate inequalities.

It seems that a lot of the 2013 election campaign will be about whether the ALP or the Coalition can cut public spending most. Yet, as Geoff Dow shows in this issue, Australia is a low taxing place. There are very sound arguments to increase public revenues, and clear opportunities for public spending that will boost demand, reduce unemployment and improve the quality of life.

Despite strident claims to the contrary, there is little evidence that labour productivity and flexibility are problems. The December 2012 National Accounts show that labour productivity (GDP per hour worked) increased for the tenth consecutive quarter at an annual rate of 3.5% seasonally adjusted. Productivity in 2012 grew more than the long-run average rate. There is also no suggestion of a wages ‘breakout’ or increasing real unit labour costs.

In consequence, there is no evidence that the Fair Work Act has constrained industry and employment. Yet as Damien Oliver shows in this issue, this will be even more reason for the Coalition to tell stories about industrial chaos and even to create it. As he says, the Coalition has more than a passing interest in disorder or sturm und drang in industrial relations. It is evident in the way they and their sycophants play up every industrial dispute.

Two major issues, unemployment and inequality, are not on the political or election agenda. The unemployment situation in Australia is mixed. The Australian rate of 5.4 per cent compares with an OECD total of 8.0 per cent and 7.8 in the US and the UK, 11.2 in Italy, and 26.0 per cent in Spain. However, the unemployment rate is lower in Austria, Germany, Japan, Korea, Mexico, Norway and Switzerland than in Australia. Even if the unemployment rate is “comparably good”, 300,000 people who are actively looking, cannot find work. This is a major productive loss. It is a tragedy for the unemployed. Add to this the million or so people whom the ABS assesses as having stopped looking for work temporarily or permanently.

The unemployment of young people is very serious. The unemployment rate for 15-24 year olds is 12.0 per cent – a bit more than double the overall rate. It is 16.7 per cent for teenagers (15-19 years) not in full-time education. Such rates are much closer to those elsewhere. In July 2012, unemployment for 15-24 years olds was 16.1 per cent for the OECD as a whole, 22.6 per cent in the euro area and 52.9 per cent in Spain.

The incidence of ‘involuntary part time work’ (people who would prefer to work more hours) is the most serious blot. This is higher in Australia than all other OECD countries. In the third quarter 2012, the number of part-time workers in Australia who wanted to work more hours was 7.0 per cent of the total labour force. The figure for the OECD was a whole 3.0 percent.

The reasons for this are the higher proportion of part-time working in Australia (24.2 per cent compared with 15.2 for the OECD as a whole) and less access to suitable hours probably from a higher level of casualisation.

It is quite legitimate to add people doing involuntary part-time work into the unemployed to give a measure of unemployment and underemployment. On this basis, the Australian rate at 12.4 per cent would be higher than that for the OECD as a whole (11.0 per cent).

Unemployment is a major component of inequality in Australia. For example, in 2012, 14% of all children under 15 lived in jobless families – the fourth highest rate in the OECD. Surveys show that the unemployed and those on low incomes are more dissatisfied with their lives, have worse health and more stress than the employed and the better-off.

Income inequality is increasing. The Australian Government’s ‘social inclusion’ web-site says that over the past 15 years there has been a significant increase in income inequality. The OECD shows income inequality among working-age people in Australia is now above the OECD average.

Inequality is increasing among wage earners and between wage earners and executives. From 2010-2012, real wages for the top ten per cent increased by 14.4 per cent compared with 2.8 per cent for the bottom 50 per cent and 3.2 per cent for the bottom ten per cent. The wages share of national income fell by ten percentage points from a peak of 60% in the mid-1970s to 50% in 2009 before the global financial crisis. One percentage point of national income is around $12 billion. Thus, a one per cent point annual fall in the labour share means workers as a group have $12 billion less in disposable incomes. Moreover, this is an actual shift of money from wage earners to those who get the profits and rents – that is chief executives, rentiers and investors – it is not merely a statistic.

Austerity and reduced public spending make unemployment and inequality worse. Moreover, the poor have the worst environments and have less capacity to act sustainably. For example, fuel-efficient and hybrid cars are out of the price range of the poor as are solar electricity systems. They also live in the places that are often least accessible by public transport.

Government action is essential to ensure that the poor have even a frugal level of living. The same is true about the natural and built environment. Put plainly, as inequality increases there is a greater demand on government to build decent cities and towns and to protect the natural environment. The obsession with reducing deficits and debts means reduced levels of environmental protection. As Ian Lowe points out, the Newman Government in Queensland has reduced funding to the public environmental defender at the same time that it is ‘taking the cement boots off the oil shale industry’.

Ian Lowe says that the Newman government might well preface what could occur with an Abbott one. However, the ALP record is not perfect. On one hand, in late 2012 it created the world’s largest marine reserves. On the other, the decision in February 2013 not to support national heritage listing for the Tarkine seems unconscionable. It is a clear victory for mining interests and for the Australian Workers Union “Our Tarkine – Our Future” campaign that put jobs before conservation.

The union position seems regressive and shortsighted. Mining is environmentally damaging and often adds to gross domestic product but not to national income because most of the inputs are imported and most of the profits and dividends exported. The ALP and its unions would be far better launching a ‘big narrative’ about how to achieve an economically, socially and environmentally just Australia. This would not only distinguish the ALP from the Coalition but might also give hope for the future.
FOCUS: READYING FOR THE RIGHT

‘Sturm und Drang’: The incitement of chaos in industrial relations
by Damian Oliver

After the political backlash from WorkChoices, the Coalition is unlikely to produce a detailed industrial relations manifesto prior to the next federal election. Senior Coalition members have been cautious not to speak beyond generalities, such as calls for more flexibility in the system.

However, judging by what has already begun in the state jurisdictions of Queensland, New South Wales and Victoria, as well as in various parts of the United States, we can anticipate that the Coalition will seek to manufacture an impression of chaos in industrial relations in Australia. In particular, the Coalition is likely to exploit four perceived crises:

1. The myth of an unsustainable public sector - in order to enforce an austerity agenda and institute cuts to public sector worker conditions by decree.
2. Echoing the claims of some employer groups that there is low and declining productivity growth, in order to remove employee entitlements such as penalty rates from awards.
3. Endorsing the claims of prominent employers about a collapse of profitability in their businesses, in order to support increasing employer militancy through lockouts.
4. The illegitimacy and internal corruption of unions as democratic organisations, in order to sever the organisational and financial link between the union movement and the Australian Labor Party.

The crisis within: Austerity in the public sector

An Abbott Government is likely to institute widespread redundancies in the public sector. Queensland, New South Wales and Victoria have committed widespread retrenchments as part of their austerity regime, which has procured funding from the Australian government to match their pre-ordained budget priorities.

Queensland amendments also declare “of no effect” any agreement and award provisions relating to contracting out, employment security and organisational change. The Queensland and New South Wales amendments have survived challenges in the Supreme and High Courts. These developments fundamentally challenge the principle of collective bargaining in the public sector.

In doing so, conservative governments here are following the copybook of a number of Republican administrations in the United States. The first and most prominent of these was in Wisconsin, where Governor Scott Walker completely removed the right of public sector workers to engage in collective bargaining. Other states have also adopted similar approaches, including Ohio, Indiana, Florida, New Hampshire and Michigan. In Michigan, the governor even used the words “we are in a crisis” to introduce laws that allow him to appoint Emergency Managers to local governments experiencing “stress”. Emergency Managers had the power to terminate employee contracts and override collective bargains.

The United States experience also demonstrates that the public does not support the erosion of public sector workers’ rights. Governor Scott Walker only narrowly survived a rare recall election in March 2012. Michigan voters defeated the original Emergency Management law in a referendum and, in November 2011, voters in Ohio decisively rejected the law removing public sector collective bargaining rights that had been championed by the Republican Governor John Kasich and passed by state Republicans.

“The productivity crisis”

Employers and their cheerleaders in the media and right-wing think-tank circles continue to promote a crisis in productivity. Despite lacking any clear evidence to support their claims, they discount the contribution of innovation and international competition to productivity and concentrate instead on the impact of minimum wage increases, penalty rate increases (that were incidental to the award modernisation process) and minimum hours of engagement.

Low-wage sectors including hospitality, tourism, retail and small business have been the noisiest in this regard. The main employer groups are less preoccupied with the impact of award modernisation, probably due to the higher incidence of collective bargaining among their memberships.

Assuming an Abbott Government does not gain a majority in the Senate, there is unlikely to be any substantial federal legislative change. However, Labor’s Fair Work Act recasts the nature of awards in ways that are not yet widely understood. The modern award system gives the Executive Government tremendous ability to influence the outcomes of the Fair Work Commission’s decisions on modern awards, through Ministerial Directions. The Coalition is likely to use these powers to increase flexibility for employers and remove protections for workers.

An Abbott Government could use this device to achieve changes on behalf of some of the noisiest critics of the Award modernisation system in order to reduce penalty rates or abolish minimum shift lengths.

“The management crisis”

An Abbott Government is also likely to follow the lead of conservative governments in the United States and give strong government support to individual employers looking to challenge demonstrations of union strength and solidarity.

During the Qantas lockout in 2012, Coalition figures declined to criticise the extraordinary actions taken by Qantas, claiming that the unions had left them no alternative. Australian employers already enjoy the fewest restrictions on lockouts in the OECD. Unlike employers wishing to take industrial action, there is no process by which employers must seek approval beforehand. During the Qantas dispute, the Gillard Government intervened in the Fair Work Australia proceedings in opposition to the lockout. Employers could expect more supportive interventions from an Abbott Government.

In Victoria, the Baillieu Government authorised the deployment of nearly 1000 police officers to break up a legitimate protest by workers outside a Grocon construction site. Grocon had been refusing to recognise health and safety representatives nominated by the Construction, Forestry, Mining and Energy Union (CFMUE). This amounted to a deployment of one in thirteen sworn officers.

“The transparency crisis” in unions

We can also expect an Abbott Government to inflate concerns about accountability in Australian unions. Coalition figures are already using the many allegations of corruption within the Health Services Union to argue for a wide-ranging inquiry into union activities, despite there being no evidence of misconduct in other unions. Tony Abbott has already sought to exploit the issue by introducing a private members’ bill to increase penalties for union officials found guilty of missing members’ funds. This will give licence to the conservatives to pursue their real aim, which is to restrict the ability of unions to donate to the Australian Labor Party and to run legitimate, independent campaigns. Again, state conservative Governments have already begun the process, with the O’Farrell Government amending electoral laws to prohibit donations. The Newman Government has also expressed interest in similar changes.

Conclusion

In the lead up to the election, the Coalition is certain to downplay any interest in removing protections and conditions for Australian workers. However, its long-term objective of weakening the industrial and political power of organised labour remains. Already there are signs that the Right is ready to ferment the idea that all is not well in industrial relations and the Australian market. If they follow examples from the United States and the conservative Premiers, the Coalition will contrive problems with the public sector, with the productivity and profitability of Australian businesses, and with the governance of trade unions to match their pre-ordained solutions.

Damian Oliver is the Lead Researcher at the Workplace Relations Centre, University of Sydney.
If you aren’t angry, you aren’t paying attention

by Ian Lowe

Fifteen years after Kyoto, with the scientific evidence becoming more alarming every year, we are no nearer a global agreement to slow climate change. Our governments are still approving expansion of fossil fuel exports and still subsidising the big polluters.

The Doha meeting in early December was preceded by Arctic sea ice declining to its lowest level since reliable records began and new evidence that the Arctic permafrost is releasing quantities of methane that should have produced a sense of urgency. The science is clear: to have a chance of keeping the increase in average global temperature below two degrees, we need to be reducing the rate of burning fossil fuels by 2020. However, the pledges presented to Doha, even if fulfilled, don’t go anywhere near far enough. The world is sleepwalking to disaster, obsessed by short-term economic considerations.

The Commonwealth government has steadily moved further away from what Kevin Rudd called the greatest moral challenge of our time. Julia Gillard, in her seeming desperation to appease the mining industry, backed down on the proposed super-profits tax. A modest price on carbon dioxide releases has been introduced along with the positive measures of the Clean Energy Finance Corporation and the Renewable Energy Target. Even so, we are the highest per capita polluters of any major country. The real worry is the overall approach to environmental assessment. No objective observer could possibly conclude that industry in Queensland is currently over-regulated. We have seen specific environmental problems like devastation of fishing in the Gladstone area and methane coming to the surface near coal-seam gas operations. Four national-state-of-the-environment reports have documented the steady and systematic worsening of all the major environmental indicators, including the loss of unique biological diversity.

Despite this the first time Mr Newman met with his fellow coalition Premiers, he joined them in calling for the elimination of “green tape”. Then Newman attacked the federal environment minister when he delayed approval of the massive Alpha coalmine because of the inadequacies in the State-based environmental impact assessment. The government subsequently announced dramatic cuts to the public service in the natural resources area, claiming that “over-regulation” was holding back development and costing the taxpayer money.

The public face of this change was the rapid passage in July 2012 of the Environmental Protection (Greentape Reduction) and Other Legislation Amendments Bill. The Minister said the emphasis was on “streamlining and clarifying assessment and approval processes”, promising “benefits and savings” for “all regulated activities”. The government claimed there would be no erosion of environmental standards. To be fair, standards in Queensland were never particularly high. Anna Bligh’s environment department saw its job as ensuring that no environmental concerns impeded a profitable proposal. When I appeared as an expert witness in one case concerning a proposed huge export coal mine, the agency intervened to support the proponent’s argument that the court should ignore the inevitable impact on climate change. When I chaired a public meeting discussing coal-seam-gas extraction, the audience jeered the head of the agency when he assured them that it could be trusted to apply best-practice regulation.

Then the government released its interim planning approach. It said the purpose of these new guidelines is to ensure that economic growth is facilitated by local and state plans, and not adversely impacted by planning processes. The State interests in economic growth include promoting agriculture, tourism, the State’s mineral and extractive resources industries, and construction activities.

We need to take the Government at its word. It wants to promote economic growth, including the extractive resource industries, and wants to “ensure” that growth is “not adversely impacted by planning processes”. The proposal to remove the Wild Rivers protection from the Lake Eyre Basin, against opposition by local graziers, is an example of its actions; in my view an act of naked vandalism for no apparent economic benefit and evidence that the Newman government does not believe in protecting even such unique features as the Lake Eyre Basin.

I thought nothing could top that, but I underestimated Newman. In October, he reneged on his express undertaking before the election to maintain the ban on uranium mining. The pre-election commitment was reiterated in Parliament in July and in a letter to the Australian Conservation Foundation. In November the government introduced a Bill to amend the Nature Conservation Act and allow privately operated tourism projects in national parks. It also provides “a simplified process” to allow “infrastructure such as telecommunication towers, powerlines and water pipelines” in national parks. And the Bill changes the Forestry Act to facilitate coal seam gas ventures and allow new gas pipelines in forests.

Then in February this year, the Government has lifted the 20-year moratorium on shale oil mining imposed in 2008 by the Bligh government. Premier Newman said oil shale ‘promises a river of royalties for the state’ and while ‘energy intensive’, “dirty is a subjective word”. The resources minister said it was “taking the cement boots off” the oil shale sector and placing it on a more equal footing with other extractive industries when it came to due process and environmental approvals.

Uranium, tourism in national parks and oil shale are all, we are told, to be undertaken ‘within an ecologically sustainable framework’. It is very hard to take that assurance seriously, given the other activities discussed. A online comment on the ABC programme about the spillage of toxic water from the abandoned Mount Morgan goldmine is frighteningly apt. It describes Premier Newman approach as ‘if it’s between the ships and the Great Barrier Reef the ships will win’.

With continuing pressure on the Commonwealth government to step back from its role of enforcing the Environmental Protection and Biodiversity Conservation Act, the statements and actions of the new Queensland government are a stark reminder of the need for a national overview. Without Commonwealth intervention we would already have seen the Mary River dammed, Fraser Island mined, drilling for oil and gas on the Great Barrier Reef and the tropical rainforests logged. That is why scientists, environmentalists and lawyers joined forces to urge the government to retain its national capacity to rein in the excesses of the States. The Newman regime’s crass vandalism in defence of commercial profit is a wake-up call to anyone who thinks that the gains of the last thirty years would be safe under an Abbott government.

Ian Lowe is President of the Australian Conservation Foundation and Emeritus Professor of Science, Technology and Society at Griffith University
Austerity, cutbacks and liberalism

by Geoff Dow

In the 1930s John Maynard Keynes referred to the economic policies favoured by the economic experts as sadistic – their effect was to impose unnecessary immediate harm and long-term underdevelopment of the capacity of the polity to do what was technically possible. The mistakes made then, particularly in the Anglo-American sphere, have been repeated across the liberal capitalist world with persistent elite indifference all through the decades of restructuring and unemployment that we experienced since the mid-1970s.

Notwithstanding Labor’s complicity in much of this, we can expect unnecessary economic harm and long-term political underdevelopment to be a continuing part of Australian capitalism.

In what ways have we already endured conditions which have weakened the country’s economy? First, of course, is continuing unemployment. While joblessness is low by OECD standards (about 5.5%, higher than the twentieth century average of 4.9%), it is not so by our own. For thirty years after the beginning of the current recession, it was about the OECD level (6.6% compared with 6.4% for the period 1974-2004). This is the period when the Australian newspaper frequently referred to Australia as a ‘miracle economy’. That high unemployment has persisted for so long is an indication of official institutional indifference and a serious rift between our post-1945 willingness to experiment and our willingness over the past four decades to embrace globalization, liberalism and non-interventionism. There is a bipartisan acceptance of orthodox criteria for policy-making and its consequences. This is likely to be unleashed on an even grander scale if, after the federal election, an ideologically replenished liberal government is committed to institutional further underdevelopment. This will be on top of the critical losses already inflicted, by orthodox economists, especially accompanied by austerity responses such as debt or spending reductions, will less reliance on traditional measures and methods of economic management. The non-interventionism favoured Australia’s current economic growth is above the OECD average but the ‘lucky country’ syndrome will end. We need growth no longer achieves full employment; wealth creation proceeds at a faster pace than GDP growth. Maintenance of economic activity and employment will come from expanded public services including health and aged care, recreation, arts and repairing environmental degradation. Such ‘public provisioning’ might be ‘non-productive’ in orthodox economics but will improve real living standards and reduce inequality.

A second reason for concern about the future is our small state as measured by public spending and taxation revenues. Australia’s public spending (34% of GDP) and public revenues (also 34%) are below the OECD average (at 42% and 38% respectively); social security spending (the best indicator of welfare state development) is currently at 17% of GDP compared with about 23% for the OECD. We make a weaker public effort than most countries to deal with the demands of modern life and the problem is worsening. During the Howard years (1996-2007) which mercifully delivered us the highest taxation in Australia’s history, taxation receipts were 36% and spending was over 35%. Since then, spending figures have stayed the same but receipts for 2008-2013 are down to a little over 32%—a legacy of the Costello tax cuts, unconscionably honoured by Rudd. Consequently, Australia is left with a permanent bias towards an even more diminished polity than it has had for decades. Small government is also a bipartisan phenomenon, albeit one forced onto a clueless Labor Party by the prevailing intellectual climate that the party seems ill-equipped to challenge.

The third issue of concern is infrastructure. In 2010, before he retired, the former Secretary to the Treasury insisted Australia had a public infrastructure deficit of about $700 billion – that is the equivalent of half of annual GDP (though other estimates at the time were somewhat lower). The shortfall is largely the deliberate result of the Howard government’s decision to reduce debt (already extremely low by international standards) instead of attending to public needs. These needs are dire. Australia has unmet needs in all areas of public provision – transport, energy, environmental protection, housing, health, education and civic amenity. We have seen how the Labor Party has been crippled by adherence to anti-Labor strictures since the Treasurer repudiated his unnecessary, premature and very liberal commitment to restore a budget surplus. More important than the assault on electoral prospects is the damage to the very notions of counter-cyclical spending, full employment, expansionary policy, balanced national development and reasoned recourse to national debt. Currently, the budget is almost balanced at -2.2% of GDP (the OECD figure is a 5.3% deficit).

Infrastructure of course is not normally funded from the annual budget, but from debt since future generations will be the prime beneficiaries. Currently Australia’s public debt is 28% of GDP – in Japan it is over 200%, in the USA and the UK and the OECD as a whole over 100% and even in Germany more than three times the Australian figure. If Australia doubled its public debt (as a proportion of GDP) it would still be in the bottom third of the OECD league and would have almost $450 billion to spend/ invest publicly. This is far more than the amount needed to return to about 2% unemployment ($250 billion, if devoted to public infrastructure) and almost enough to return us to New Zealand levels of public sector investment and public debt. The amounts may seem enormous but the costs of abstention from infrastructure spending are also high. A very fast train from Sydney to Melbourne would cost about $30 billion (similarly, a Sydney to Brisbane VFT) – indicators of the costs of liberal squeamishness on the debt issue in Australia. As the multiplier effects of such an expansion of state capacity would be long lasting, the potential fillip to Australian manufacturing is easily imaginable. The economic consequences of not doing what is fiscally and technically feasible include further comparative underdevelopment. Even developed societies face recurrent development challenges, including the need to upgrade industrial and institutional capacities.

Liberals favour laissez faire and an economically inactive state. This is a view of how economies work that locks in public ineffectiveness. For the period 2006-2012, Australia was the only rich economy to record above 2% per capita GDP growth (3.1% compared with a twentieth century average of 3.4%). This was not sufficient, as we have seen, to achieve low unemployment but is an indication of the distinctiveness and difficulties faced by mature economies. That is, growth no longer achieves full employment; wealth creation proceeds at a faster pace than employment creation; widespread excess capacity (unused productive resources and industrial assets) is generated in almost every part of the economy— with housing the only notable exception. All of these generate inequality and a democratic deficit that allows elites to ignore public opinion. These structural problems not only render orthodox an erroneous guide to effective policy but also require new, probably corporatist, institutional capacities to address them.

We know that GDP growth is not a reliable indicator of well-being compared with, say, the UNDP’s human development index. The crucial point though is that growth is falling in the advanced economies for understandable reasons – wealthy economies do not need to keep growing. Maintenance of economic activity and employment will come from expanded public services including health and aged care, recreation, arts and repairing environmental degradation. Such ‘public provisioning’ might be ‘non-productive’ in orthodox economics but will improve real living standards and reduce inequality.

Australia’s current economic growth is above the OECD average but the ‘lucky country’ syndrome will end. We need less reliance on traditional measures and methods of economic management. The non-interventionism favoured by orthodox economists, especially accompanied by austerity responses such as debt or spending reductions, will commit Australia to institutional further underdevelopment. This will be on top of the critical losses already inflicted, especially the abandonment of the centralized wage fixation system and the resources rent tax.

It seems that unions are no longer willing or able to agitate for the ‘negotiated economy’ we need. They bear some responsibility for our current demoralisation. The future of the Australian economy is not just a re-run of depression-era austerity, but evidence again of the liberal worm ‘gnawing at the insides of modern civilisation’ as Keynes said.

Associate Professor Geoff Dow is a political economist in the School of Political Science and International Studies, University of Queensland.
The rise of authoritarian populism

by Chris Butler

Over 30 years ago, the Thatcher government in the United Kingdom and the Reagan government in the USA set out to dismantle the social democratic legacy. Crime was politicised and the political right pursued a punitive law and order agenda that is now largely taken for granted. The targeting of criminal offending as an individual failing combated through intensive policing and more punitive sentencing displaced the focus on social, economic and cultural causes of crime.

This politicisation of law and order reinforced community fears and utilised the mass media’s readiness to demand aggressive responses to crime. It was part of an ideological project to mobilise grass roots discontent through an authoritarian form of democratic politics. The British cultural theorist Stuart Hall called this political form ‘authoritarian populism’ and at its heart is a contradiction. In the economy, neoliberalism is presented as an inherently anti-statist programme of freeing individual citizens and the economy from unnecessary state interference. However, neoliberal interventions in the area of criminal justice provide a clear demonstration of the right’s preparedness to expand state power and direct it towards specific strategic ends. This contradiction is neatly encapsulated in Andrew Gamble’s slogan for Thatcherism as ‘the free economy and the strong state’.

The law and order consensus

Since Thatcher and Reagan, parties of the moderate left have demonstrated remarkable timidity in avoiding any challenge to the dominance of neoliberalism, particularly in the criminal justice arena. They have tried to defuse any perceived electoral disadvantage in this area by abdicating their traditional defence of the links between socio-economic factors, crime and justice. As a result, the mainstream parties have a political consensus about law and order. Politicians and the media continue to manufacture and reinforce public perceptions that crime is out of control and ensure that punitive law and order policies are at the forefront of election campaigns.

Yet concrete evidence about crime is rarely considered. This might be because the evidence is contrary to assertions of a perpetual ‘crime wave’.

Indeed, crime rates in Australia are falling. Don Weatherburn, the Director of the NSW Bureau of Crime Statistics and Research, notes that between 2000 and 2009 there was a national reduction of 39% in the murder rate, 43% in the robbery rate, 55% in the burglary rate and a 62% decrease in the rate of motor vehicle theft. However, Australia’s imprisonment rates have moved in the opposite direction - from 88 per 100 000 adults in 1984 to 716 per 100 000 in 2010 – a 97% increase.

While these figures are nowhere near the almost unbelievable incarceration rates of the USA, Australia’s rate of imprisonment is still relatively high in international terms as shown in Table 1.

The imprisonment rate in the United States is more than ten times that in the Nordic countries. In these countries, the egalitarian values of the welfare state have generally continued at the same time that countries like Australia, New Zealand and the United Kingdom embraced a punitive, neoliberal path in their approaches to criminal justice.

Other recent research has demonstrated that high incarceration rates and increased prison sentences have a very limited effect on reducing crime, compared with increasing the economic well-being of the community and resourcing programs to support offenders in their transition to life outside prison. As leading Australian criminologist David Brown argues, the effects of incarceration on reducing crime rapidly diminish as incarceration rates climb, and for specific groups - such as some Indigenous communities – young people’s perception of imprisonment as an inevitability can actually produce more crime over the long term.

The new rise of the right and criminal justice

Prior to the NSW State election in 2011 the Liberal Party Shadow Attorney-General Greg Smith announced his intention to end the ‘law and order auction’ between the major political parties. This is a rare exception to the hardline approach of recent years. Since taking office he has acted to close three NSW prions and promised to reduce the State’s prison population through reforms to bail and sentencing laws. How much of these policy changes are being driven by the fiscal imperatives of the post-GFC climate is hard to gauge, and questions remain about the government’s commitment to the adequate resourcing of in-prison and post-prison programmes which will be required to successfully sustain reductions in the number of prisoners. Nevertheless, the reforms to date are welcome signs that putting social investment and rehabilitation to prison and programmes of community support. This hostility to social investment, rehabilitation and addressing social inequality is the source of neoliberalism’s long-term criminogenic effects.

Despite the recent, tentative moves away from an authoritarian populism approach in New South Wales, neoliberal policies remain entrenched. A vigorous public debate is needed to challenge explanations of criminal offending which are solely based on individual responsibility, and to emphasise the links between the provision of adequate social services and tackling the causes of crime.

Perhaps the most disappointing development is the ALP’s capitulation on asylum seekers and its decisions to expand mandatory detention and revive offshore processing arrangements. This smooths a path for an incoming Abbott government to move from the criminalisation of immigration policy to its militarisation, through its plans to forcibly turn boats back to their port of origin.

Conclusion

We should certainly expect a continuation of the punitive law and order stunts that have characterised electoral politics in recent decades. Just as worrying is the prospect of an intensification of austerity measures and further neglect of social services, alternatives to prison and programmes of community support. This hostility to social investment, rehabilitation and addressing social inequality is the source of neoliberalism’s long-term criminogenic effects.

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Unfortunately, in other States the law and order agenda is still alive and well. The Newman government in Queensland has announced a series of measures aimed at tackling graffiti and youth crime, including the recent introduction of US-style ‘boot camps’ as a sentencing option for magistrates. As part of its austerity drive, it has cut funding to the prisoner support organisation Sisters Inside and abolished the diversionary Murri, Special Circumstances and Drug courts. In Western Australia, the campaign for this year’s State election began with the Liberal Party’s announcement of plans to extend the range of offences for which mandatory sentences will apply. In early 2013, the Victorian government released its proposals for the strictest parole laws in the country.

At the Commonwealth level, there are also depressingly few signs of any significant changes to the major parties’ bi-partisan endorsement of the ideology of law and order in a number of areas of justice policy. In government, the ALP has continued the ‘war on drugs’ and has chosen to ignore the attacks on civil liberties that have inevitably flowed from the ongoing ‘war on terror’. This has effectively allowed the Coalition parties to direct the law and order agenda from the Opposition benches.

Perhaps the most disappointing development is the ALP’s capitulation on asylum seekers and its decisions to expand mandatory detention and revive offshore processing arrangements. This smooths a path for an incoming Abbott government to move from the criminalisation of immigration policy to its militarisation, through its plans to forcibly turn boats back to their port of origin.
The Real Cause of Electricity Price Rises

by Sharon Beder

Privatisation is generally sold to the public as being a way to reduce the cost of public services and provide ready cash to government coffers. However, the reality is quite different. Privatisation is undertaken to swindle the public out of rightful control over essential public services and is conceived and perpetrated by vested interests who seek to gain from private control. It results in pricing policies more concerned with private profits than public interest.

Why are we currently cursed with the imperative for privatisation of essential services? There are three main reasons. The first is the prevailing neoliberal ideology that private business is able to run services more efficiently than governments. The second, partly informed by the first, is the reluctance of governments to raise taxes to pay for the expansion of services demanded by the public. The sale of public assets is a short-term, short-sighted, substitute source of capital. And the third reason is that the world is awash with surplus capital seeking the safe and profitable investment opportunities that private ownership of essential services generally provide. This funds a powerful lobby for neoliberalism and privatisation.

The case of electricity privatisation in Australia is a good example. Prior to privatisation and deregulation, electricity rates in eastern Australia tended to fall over time and were amongst the cheapest in the world. Now that situation has reversed. Rates are soaring and are now amongst the most expensive in the world. The federal opposition blamed this on the carbon tax even before the carbon tax came into being and despite evidence to the contrary since.

The government blames it on the ‘gold-plating’ of the distribution and transmission networks and the usage of electricity at peak times by households. It urges further privatisation and deregulation as the solution. Yet, in reality, it is privatisation and deregulation that are the cause, not the solution.

In 1995 the state governments in Australia agreed to facilitate private provision of public infrastructure, including electricity. The initial reluctance of the states had been overcome by incentive payments of $16 billion from the federal government. A National Competition Council was set up to oversee the restructuring process. In each state generation, transmission, distribution and retail supply of electricity were separated and corporatised. Barriers to interstate trade were removed and open access to electricity networks established.

Prices increased in the states that privatised their electricity during the 1990s—Victoria and South Australia—in preparation for the sell off and subsequently. Between 1994 and 2002 residential rates in SA increased by forty percent, householders paid thirty percent more for their electricity than in NSW (compared with ten percent more pre-privatisation and the opening of markets). Business too suffered. When some 2,800 middle-sized businesses became contestable and had their electricity prices deregulated in July 2001, they experienced price increases of between 30 and 80 percent.

For some years the example of lower electricity rates in NSW and Queensland were an awkward reality for privatisation advocates; and those wayward state governments were under great pressure to privatise despite public opposition. Both states have since privatised their retail electricity sectors, and in NSW the trading rights to the electricity generated were sold by an already unpopular Labor government, preparing the way for the incoming Liberal government to privatise the generators.

A 2002 Council of Australian Governments (COAG) report admitted that the system enables one or two generators to ‘effectively set the price at a level they choose’ up to the $10,000/MWh price cap. A study by the Australian Bureau of Agricultural and Resource Economics (ABARE), a supporter of deregulation and competition in electricity markets, has confirmed that price manipulation occurs in the National Electricity Market. Such uncompetitive bidding has cost the Australian economy hundreds of millions of dollars.

The federal government’s proposal to deregulate prices and introduce smart meters to solve the problem of peak electricity demand fails to recognise that even though peak electricity demand has been falling, electricity rates have been increasing, and that this will continue so long as there is an electricity market in which prices can be manipulated by electricity generators.

More importantly, the introduction of smart meters will shift the risk of price volatility caused by this price manipulation from the private retail companies to household consumers. Traditionally, it has not been politically acceptable nor feasible for retail prices to reflect electricity price fluctuations. Consumers expected a stable tariff and electricity retailers contracted to offer consumers electricity at a set rate for a period of time. This created risks for the retailer.

The obvious way for retailers to deal with this risk is to set electricity rates high enough to be sure that they can pay fluctuating wholesale prices and still make a profit. However, such high rates tend to be politically unacceptable and to make electricity unaffordable for some households. Governments have preferred to regulate retail prices to avoid that situation.

Until 2001, electricity prices to Australian households were protected from the volatile wholesale electricity market through regulated prices. These regulations are being progressively removed as retail markets are opened to competition and consumer protections are removed.

When the electricity retail market was opened up to competition in South Australia in 2003, for example, prices rose 28.3 per cent for households, on average. This rise was approved by the Essential Services Commission which had been established to determine whether price rises were justifiable. Commission Chair, Lew Owens, concluded that the price rise was justified because retailers could not be denied ‘the opportunity to make profit commensurate with the risks’.
**Gold Plating of Poles and Wires**

In preparation for privatisation, a pricing formula was set during the 1990s for the newly formed transmission and distribution corporations because they are ‘natural monopolies’ and not subject to competition. Governments traditionally charged electricity rates that covered the actual costs of transmission and distribution and were accountable to the electorate for any dividends they squeezed out of the system. However, private transmission/distribution companies could theoretically charge whatever they wanted because electricity is an essential service and, without competition, the ratepayer would have no choice but to pay.

The pricing formula was supposed to ensure that the future privatised corporations would have a guaranteed return based on the value of their assets, thus ensuring they would have an incentive to invest in the infrastructure they owned. This was necessary because in a privatised electricity industry there would be no market mechanism to provide this incentive and no government planners deciding what maintenance and upgrades were necessary in the public interest.

The distribution corporations were in this way prepared for privatisation, which occurred in Victoria and South Australia. In NSW and Queensland they remained in government ownership and, for many years, all efforts to privatise electricity were thwarted by public opposition.

During this time, the government-owned distribution corporations took advantage of the new pricing formulas to invest in assets and reap the profits intended for the private companies that would eventually buy them. This is a win-win situation for government. Not only do these corporations pay large dividends but it makes them very attractive to private buyers when they are finally sold, creating a huge one-off inflow of money for these governments.

What is more, the rising cost of electricity distribution is creating public dissatisfaction with government ownership, eroding the opposition to privatisation. Once sold, the private companies will reap the returns always meant for them, and the price rises leading up to the sale will be blamed on government inefficiencies rather than privatisation.

**Conclusion**

The real cause of electricity price increases in eastern Australia have been: firstly the introduction of a national electricity market and the consequent price manipulation by electricity generators; secondly the shifting of risk based on the value of their assets, thus ensuring they would have an incentive to invest in the infrastructure they owned; thirdly the introduction of a pricing formula for electricity distribution companies which replaces investment decisions based on need and forward planning with those based on maximising rate of return. Further privatisation or deregulation is therefore a solution likely to exacerbate the problem rather solve it.

Professor Sharon Beder is a visiting fellow at the University of Wollongong. She is author of “Power Play: The Struggle for Control of the World’s Electricity” (http://www.herinst.org/sbeder/Books/power.html), Scribe, 2003. Her articles on electricity privatisation can be found at: http://www.herinst.org/sbeder/elelectricity.

Her website on business-managed democracy includes a section on privatisation at http://www.herinst.org/BusinessManagedDemocracy/government/privatisation/
Government. The Collins review, found that 46% of money designated for Indigenous Education was going straight to NT Treasury coffers as ‘on costs’. This is the extra money, the Indigenous specific expenditure, that these schools desperately need and that Helen Hughes wants to characterize as largess. This is in a context where no high school facilities were provided to Indigenous students until 2005. The effects of these social and economic determinants on classroom performance are wide ranging and intergenerational.

Teaching in general is a tough job and teaching in remote communities is as hard as it gets. Poor NAPLAN results are not an accurate or fair reflection on the ability of teachers or the schools they work in. Nor are they a reflection of a lack of direct classroom instruction. We have had ten years of back to basics, literacy and numeracy programs in schools aimed at lifting NAPLAN scores. This is patently not working. The poor scores are rather a reflection of the deep social inequalities in our educational systems. This is why both Indigenous and non-Indigenous students in low socio-economic areas in other parts of Australia also achieve poorly on such tests. We have to ask the question, what are these tests really showing? Are they testing literacy and numeracy skills or are they simply showing us scales of social disadvantage? It seems clear that we need more nuanced measures of success and failure than what these tests are offering us as a basis to construct good policy.

It is probably worth outlining a few other facts that Helen Hughes seems to have missed in her analysis.

First, there has never been a separate system of education for Indigenous students. In fact 40.5% of students enrolled in the NT are Indigenous and many attend urban high schools and primary schools in Darwin and Alice Springs as well as attending schools in remote areas. All NT students study under the Northern Territory Curriculum Framework that covers key learning areas in math, science, English, social science, sports and Indigenous studies. It is based on international and national best practice. There is no separate curriculum for remote Indigenous students.

Second, the Northern Territory has a demographic and geographic profile that creates unique educational challenges. 75% of the Northern Territory’s Indigenous population reside in remote communities spread across 1 346 200 square kilometres. There are 985 Indigenous communities in the NT with a total of 185 schools (153 public and 32 private schools), 40 Homeland Learning Centers. 40 of these schools that have less than 4 teachers. Getting the policy and implementation mix right is certainly not easy.

Third, phonetics, arithmetic and grammar exercises form a daily part of the teaching and learning cycle in the remote schools of the NT and have done for years. Critical literacy theory and genre based approaches that underpin curriculum frameworks are based on multi-disciplinary pedagogic approaches, not modernism. Teachers are trained professionals; they know their students and are well qualified to measure their performance. Curriculum content and design is set nationally and determines daily lessons. Parents and community members, as well as exerts in the community regularly involved in this process and each teacher is accountable for their program. It is a fallacy to suggest that non-performance of schools is causing Indigenous student failure.

Despite all these qualifications, there are important points in the Hughes’s latest monograph that I support. The chronic lack of expenditure on outstation education, by both the Commonwealth and the Northern Territory Government is a disgrace. Outstation schools should be properly funded and serviced. There are around 10,000 Aboriginal people living in outstations and the children that grow up there deserve the best possible education. I also concur that the need for standardised attendance data is palpable and that “fiddling” with truancy laws through mechanisms such as the just extended Improving School Enrolment and Attendance (through Welfare Reform) Measure (SEAM) is a waste of time.

As shown by the brief examples above, the challenges facing remote Indigenous education are far from unilinear and will not be overcome through simply attributing complex causes of poor outcomes to poor schools or bad teaching. Nor will they be overcome through one size fits all, proscriptive pedagogy. Rather, solutions are likely to be long term and achieved through incremental hard work. We should maximize innovative development of programs and policy arrangements, redress historic under-investment, concentrate on known factors of success such as community partnership and a mix of direct and indirect classroom instruction and demand real commitment from all levels of government for all Indigenous students.

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One step forward, two steps back for asylum seeker mental health

by Belinda Liddell*

The recent overhaul of Australia’s immigration policies aims to protect the lives of asylum seekers by removing any advantage of arriving by boat. Whether this goal will be achieved remains unclear. But while we wait for an answer, we need to consider the toll of Australia’s immigration policies on the mental health of asylum seekers.

In Nauru, where more than 380 asylum seekers are currently being detained, there have been reports of hunger strikes, self-harm, aggression and suicide attempts. Unfortunately this isn’t new – these signs of psychological distress have been repeatedly witnessed in Australia’s immigration detention centres since the early 1990s.

For several decades now, mental health professionals have documented the psychological health of asylum seekers within mandatory detention facilities. Findings from multiple studies provide clear evidence of deteriorating mental health as a result of indefinite detention, with profound long-term consequences even after community resettlement.

Current immigration policies continue to promote uncertainty, fear and disempowerment among asylum seekers, which are known to contribute to poor mental health. There are also concerns that allowing asylum seekers to live in the community on bridging visas without the right to work could further exacerbate these feelings of helplessness.

Compounding trauma

Asylum seekers are already vulnerable to mental distress before arriving in Australia. Significant exposure to potentially traumatic incidents, including gross human rights violations, persecution, conflict, forced displacement and family separation, are common.

Being detained as part of the process of seeking asylum can actively compound existing mental suffering. Rates of mental health problems such as depression, anxiety, post-traumatic stress disorder (PTSD), suicide and self-harm are much higher among detained asylum seekers compared with compatriots in community resettlement.

One primary stressor that systematically undermines the mental health of asylum seekers is the pervading sense of uncertainty within mandatory detention. Visa processing times are often unknown, as are visa status outcomes. There is ambiguity about the duration of detention and barriers to family reunification.

Asylum seekers also worry about the safety of family members and have doubts about whether they’ll be able to assimilate into the Australian community.

Other stressors that continue to undermine asylum seeker mental health within detention include reduced self-determination and autonomy, and physical and cultural isolation from family, friends and community. These factors, among others, can combine to fuel a pervasive helplessness that is commonly reported by detained asylum seekers.

*Belinda Liddell is a psychology lecturer at Deakin University.

FOCUS: READYING FOR THE RIGHT

But the Opposition has a bigger problem: it doesn’t really want, and probably doesn’t get, equity. Tony Abbott has declared that funding equity means proportionate share based on school enrolments, by implication concluding that government schools get too much. It was a comment that matched his declaration that funding private schools is in the coalition’s DNA.

He doesn’t get it: we don’t have two comparable and competing school systems with equal characteristics and calls on funding. It is not some neo-liberal fantasy. What we have is a public system with schools which must be available for all kids – and various private schools which might be available to some if they can jump through the hoops, especially represented by fees. Neither the Coalition nor Labor is prepared to acknowledge that the charging of fees in our hybrid school system is what creates our equity crisis.

Christopher Pyne has a slightly better grasp, but plays fast and loose with the evidence about equity and differences between schools. He has managed to deny that Australia has a school equity problem – and does this by omitting the significant impact of school (in addition to family) socio-educational status on student achievement. It better serves his conservative narrative: ‘it’s not about equity, it’s about the outcomes of our poor students who aren’t being given the right education in the first place.’ Other glib conclusions follow: ‘the greatest determinants of the outcome of students is the parental involvement in their children’s lives at school’. After all ‘that’s why in the non-government school systems students tend to perform better’.

Like Labor, the Opposition will strongly run on assorted policies picked up by a trawl of its preferred think tanks, including the Grattan Institute. Pyne has (credibly) focused on teacher quality, training and ongoing professional development, drawing on the (often misreported) example of Shanghai. He has also questioned the focus on class sizes, although he needs to explain what is coming across as a commitment to increase them. He struggles to convince teachers, especially those in disadvantaged schools and in early childhood where small classes are important.

But even these priorities are unlikely to be contested by Labor and may not get sufficient traction against a Government campaign on equity. If this happens the Opposition might still dig deeper into the kitbag full of market-driven policies for schools which resonate in England and the USA and which we are really yet to see in Australia. The Opposition’s unreserved belief in school autonomy can easily morph into a promise to establish charter schools, shortly about to be launched across the Tasman in New Zealand. The education card is a voucher by another name – and various private schools which might be available to some if they can jump through the hoops.

The problem with the policies in the conservative kit bag is that few of them really seem to work without worsening equity problems. The school reform bandwagon, regardless of who is holding the reins, is loaded with policy failures. Tax rebates and/or tax deductibility which the Coalition pushed in the 2007 election can easily be extended to encompass portion or whole of school fees.

There are plenty of ideologues in the Coalition who will warm to all this while giving a notional nod to equity – without seeing any contradiction. They are rusted onto notions of competition and choice between schools and that money follows enrolments. The beneficial impacts of school autonomy are not significant while the downside differences between charter and other public schools. And we already have a de facto voucher system in the sense that various private schools which might be available to some if they can jump through the hoops.

The only thing standing between the Coalition and a worsening equity disaster is the greater public awareness created by the Gonski review and a popular commitment, indicated by polling, that supports the idea that resources for schools should be directed to where they are needed most. You would have to hope that this is enough.

Chris Bonnor AM is a former school principal and co-author with Jane Caro of What makes a good school, New South Publishing, 2012

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Clear thinking needed on election health priorities

by Ian McAuley*

There was a time when health policy involved intense ideological conflict along partisan lines. In the 1940s, the Chifley government fought all the way to a constitutional referendum to introduce subsidies for pharmaceuticals. The Whitlam government got Medibank (the forerunner of Medicare) through Parliament only by way of the 1974 double dissolution.

But even though “ensuring the quality of Australia’s health care system” comes in just behind “management of the economy” in public ranking of election issues, health policy is unlikely to be a major area of conflict in the 2013 poll. Interest groups representing medical practitioners, health insurers, people with chronic illnesses and others will undoubtedly make their bids, and in response political parties will tweak their offerings, but there is unlikely to be a passionate debate.

It’s not that we have developed a near-perfect system. Rather, the interest groups concerned now realise there is little more to be achieved unless it’s at the expense of other groups’ interests. And those interest groups are likely to mount a strong and costly fight – a situation economists call a “Pareto equilibrium” and which we lesser mortals call an uneasy truce.

The deals worked out in past years have left imprints on our health care arrangements. Those imprints reflect not only the grand ideological struggles about “socialised medicine”, but also the fiscal conditions, ideas about Commonwealth-state responsibilities and general policy fashions of various times. The non-means-tested universalism of Medicare medical payments, for example, is a legacy of the Whitlam years; while later programs reflect a more targeted approach based on means.

Our health care arrangements are like an old country homestead which has been extended many times, sometimes in times of plenty, sometimes when conditions were tough, in designs which were contemporary at the time – all of which doesn’t really come together.

Indeed, it’s a misnomer to call our health care arrangements a “system”, for in spite of various good intentions, there is little integration between various programs. Nowhere is this more evident than in the mess of co-payments – out-of-pocket costs for health care.

Co-payments

On average co-payments are not high: 81% of funding for health care comes through governments or private insurers. But they’re inconsistent and come with any reasonable ideas of economic efficiency or equity. A neurosurgery operation in a public hospital is free, while someone with mental illness who needs regular consultations with a psychologist can incur thousands of dollars of out-of-pocket expenses.

Co-payments for drugs on the Pharmaceutical Benefits Scheme are fixed (at $36.10), while the government payment for medical services is fixed, leaving the patient liable for the open-ended balance. Such inconsistencies are bound to result in resource misallocation and inequities. Private health insurance is an inefficient way to fund health care.

Private health insurance

Arrangements involving private insurance are even more bizarre. There are strong financial incentives for people to hold private insurance: most Australians with private insurance receive a rebate of up to 40% of the cost of premiums; while those with high incomes are encouraged via the Medicare Levy Surcharge, which imposes a penalty of up to 1.5% of income on those who don’t hold insurance.

Ostensibly, these subsidies for private insurance are meant to take pressure off public hospitals, but in reality they simply shuffle the queue, giving those with private insurance priority access to scarce resources – a form of subsidised queue-jumping. By any reasonable criteria, private health insurance is an inefficient way to fund health care. It carries a high administrative cost (of $13.4 billion in insurers’ premium income in 2010-11, only $13.1 billion was paid in benefits). And it carries the same incentive for over-use as Medicare (known in the industry by the quaint name “moral hazard”), but without the capacity to control costs which is enjoyed by a strong single insurer.

Its supporters claim that those who hold private health insurance are engaged in the virtuous behaviour of “self-reliance”, but there is nothing more “self-reliant” about paying BUPA or HCF to handle our hospital bills than in having the government do the same. Insurance of any kind, public or private, is a means of sharing risk and avoiding individual responsibility for contingencies.

FOCUS: READYING FOR THE RIGHT

Ongoing situational stress, such as being in an unfamiliar, poorly resourced environment, as well as living among other distressed individuals, does little to provide the safe and secure environment necessary to support recovery from traumatic stress.

Bridging visas

Bridging visas may be a welcome avenue for some asylum seekers to reside within the Australian community while their refugee applications are processed. Asylum seekers living in the community commonly present to health services with mental health problems, but research has shown symptoms to be less severe compared with detained asylum seekers.

But critically, some of the key stressors fuelling mental distress in detention will not be addressed by bridging visas. These include uncertainty about the projected five-year waiting period to determine visa status, and powerlessness associated with restricted work and financial support entitlements.

Insights can be drawn from research into the mental health impacts of other restrictive visa policies such as the temporary protection visa (TPVs) program. Research shows TPV holders faced much greater challenges settling into the community than refugees on permanent visas. They were also more worried about their uncertain residency status and reported greater living difficulties.

Over a two-year period, TPV holders demonstrated less English proficiency and were unmotivated to socially engage within their new community, thereby exacerbating isolation. This mix of factors can effectively dampen any hope for complete recovery from mental health problems, even while residing in the community. The concern is that bridging visas could impact on the mental health of asylum seekers in a similar way to TPVs. Additional research is needed to understand the effects of bridging visas on mental health.

Next steps

What can be done to reduce the impact of immigration policies on the mental health of asylum seekers? The most straight-forward approach is to avoid policies that already have an evidence base of harm, including indefinite mandatory detention and restrictive visas such as TPVs.

New policies need to support asylum seekers to rebuild their psychological health. Within the current policy framework, strategies could be implemented to mitigate the impact of known detrimental factors. Asylum seekers on bridging visas, for example, could be permitted to work. And within detention facilities, asylum seekers could have greater access to legal resources to actively participate in their visa application process.

Ultimately, we need to adopt policies that harmonise immigration and national security priorities with strategies to protect the health and well-being of asylum seekers. This could prevent further damage, facilitate recovery from trauma, and pave the way for the positive integration of refugees into Australian culture and society.

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FOCUS: READYING FOR THE RIGHT

Ironically, those who exercise true self-reliance, paying for private hospitalisation from their own pockets, are excluded from the rebates and tax incentives available to those who use private insurance.

Resource allocation

We have a mess devoid of any underlying set of principles how scarce health resources are allocated. We find a little socialism here, a little free enterprise there, and quite a lot of appeasement of vested interests. Users of health services, apart from those who have well-organised lobbies (usually based on chronic conditions), hardly have a voice at the table.

It would be arrogant for any academic or policy observer to suggest what principles should guide health policy, because basic questions have never been put to the people:

- To what extent do we want to share our health care costs with one another?
- Do we want a “free” tax-funded system for reasons of social inclusion and solidarity?
- Or should we come to see health care more as a normal good, paid for from our own pockets, without public or private insurance, and with safety nets for the poor and for those with high needs? (After all most Australians are much wealthier in 2013 than they were in 1953.)

These questions should be in the political arena. They concern the values in our health care arrangements. They involve fundamental issues of libertarianism versus paternalism, and of individual versus collective interests. Both the government and the opposition claim they want to focus on policy in the coming months, but for health care it looks like we will muddle along without addressing these hard questions.

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FEATURES

Asian Women at Work

Interview with Lina Cabaero, Coordinator of Asian Women at Work

by Paul Giffard-Foret*

Lina Cabaero is the coordinator of “Asian Women at Work” (AWW), a community-based organisation seeking to empower Asian women who experience significant injustice and exploitation in Australia. She was interviewed in September 2012.

PGF: Could you tell us a little bit about your background?

LC: My name is Lina Cabaero and I’m the coordinator of Asian Women at Work [AWW]. Myself I am a migrant from the Philippines and have been here in Australia for the last 15 years.

PGF: How long have you been involved with AWW?

LC: Maybe 10 years. Before I was a student activist in the Philippines. I got involved in 1981, at the time of Martial Law and the resurgence of student movements. It was very difficult to protest. Everything was tightening up and I became very involved to the point that I did not want to continue with my studies, and became a full-time activist, much to the dismay of my parents [laugh]. I was more in the cultural field of it, street theatre and music.

Then I got elected to represent the Asian Students Association based in Hong Kong, which is a regional network across the Asia-Pacific, at the time when there was a pro-democracy movement all over Asia. There were already lots of Filipino domestic workers there, as well as Indonesians and Bangladeshis. My husband and I worked in the same organisation and when we finished our term I followed him to Australia. Luckily I found something that was like my work before with AWW. Of course, it’s very different. But it’s exciting for me, we consider ourselves activists, rather than the usual non-governmental organisation where you have to sit in the office.

PGF: Could you introduce your organisation, “Asian Women at Work”? What does it do, and what are its aims?

LC: AWW is a community, membership-based organisation. We have at least 1800 members.

A majority of them are Chinese or Vietnamese migrant women workers in low-paid or precarious employment. What the organisation does is to assist women with their issues in the workplace but we know that workplace issues, especially for migrant women, impact a lot on their daily lives. Most of these women work longer hours, have language problems, etc., so that they don’t have time for their kids, partners, and if their kids are in school, learning English, the mother doesn’t know English, so there are issues there as well. Most of them don’t have networks as they work in isolation. You often don’t see them, as they’re working. The biggest number we could muster at one time is 150-200.

We basically assist them around the workplace, family, home and in the community, and in the process, we empower them. We don’t want to create dependency, we want them to be able to do things on their own, to be able to advocate for their rights. At AWW we have over 20 support groups, including many creative activities seeking to gather these women, like swimming, fishing, zumba, Tai Chi, yoga, etc. It fills the need in their lives to de-stress. We have a singing group, as well as a drama group. These are again creative ways of getting them together as well as means of expressing themselves, of bringing out issues from them. We do English lessons through songs. And because I’m from the Philippines, cultural work is very important in terms of the People’s movement [a reference to the People Power Revolution in the Philippines].
LC: We know that when migrant women workers first come to Australia, they usually...Well, compare it with the refugees, who when they are finally accepted have access to CentreLink and other benefits. But these women don’t, so they have to jump straight into employment and usually end up in very difficult jobs.

It’s very easy to get the job, because it doesn’t require any skill or language. Usually these jobs are from people from their own community, so they often end up in low-paid employment. It’s very difficult to get out of that kind of assistance, since they don’t have the English skills and don’t know their rights at work...and when you don’t know your rights at work, you don’t mind being paid $5/hr., because compared to what you get in your country, it’s much, much better. You don’t mind if your boss asks you to work 3 hours longer. You feel you owe your boss that 3 hours because she or he gave you that opportunity to work.

So there is that very strong cultural element that is linked to that kind of employment. Also, these women come from countries where the relationship between men and women is very unequal, and they’re very subservient. But at the same time, it’s very good that when they get here they are able to assert themselves in the sense that they have to work. It’s driven by the economic needs of the family: both parents have to work. These women have a lot to contribute to Australian society. They don’t come here without any skills.

We have members who were doctors in China, or held very high office positions, but they just don’t have the opportunity when they first get here and they get caught up in a circle. We have 510 hours of work in the industry means you are in and out of employment so we have members who one season there. They continue to work in difficult situations. What’s the situation today?

PGF: Just to get the numbers, you mean?

LC: That number is still like that. Nobody knows how many outworkers there are in Australia or in NSW. The reason is because the industry is on the decline but it’s also very difficult to look for them. In our network, I believe we are in contact with around 10,000 to 30,000 outworkers, a majority of them Vietnamese women. The rate of pay can be as low as $3-$5/hr. or you can get paid per garment – $7-$9 a piece. Or there might be outworkers getting the right wage.

They continue to work in difficult situations. What’s interesting is that in March 2012, a Federal law was passed giving more power to the unions and the outworkers to be able to claim money directly to the fashion house if they don’t get paid. The supply chain between them is very long, and often they don’t know their main boss, and if that person disappears, they can’t claim their wages back. It’s very important for them to know they can now do it; the fear is still there.

Work in the industry means you are in and out of employment so we have members who one season may have lots of work then have to go through a process of looking for work when demand dries up. We then try to access Job Services Australia [JSA], but there is a big barrier for these women to look for meaningful work. JSA people are sometimes not interested in finding them meaningful jobs, only in them accessing their service.

PGF: Does your organisation have any connection with unions, political parties, legal aid agencies, or activist/human rights groups? What is for instance the nature of your relationship with the lobby group FairWear Australia?

LC: AWW has a broad link with a lot of people and groups. On the local level, we are very grass-root. We have six branches. Before we used to centralise our activities, just one big activity for everyone each time. As we became bigger, we had to create branches in various areas where there’re lots of migrant women workers – mostly in Western Sydney, including Bankstown, Auburn, Blacktown, Cabramatta, Hurstville, the Inner West. In those areas, we have a leadership as well, composed of our members and volunteers. We also have the activities and support groups mentioned earlier.

It’s very important to have these groups to link up with the local community organisations as well as the politicians. We are very close to the Federal members in those areas. If a woman in our network needs help, we sometimes refer her to them. They’re very important in terms of articulating our needs in the parliament, also in writing support letters for our funding for instance. We went to Canberra when we used to campaign for legislation for outworkers. We organized busloads out there. It was very powerful for them to meet the politicians and get the politicians to really hear the stories from them. That experience is very grounding. We also work very closely with the unions. We for example do workplace visits. We can’t go directly without them. With the outworkers especially, we have to work with unions, since most of them being women, they are sometimes reluctant to talk to union male delegates. We work closely with the churches. For example, in Bankstown there is this United Church. We used to have multi-bus trips where we take a group of our members and they also have corresponding numbers.
of their numbers and we drive together. They get to talk to each other and that’s a way to break barriers and clarify things. One of the church people later on said he always considered refugees and migrants as worthless, that they don’t contribute at all to this country.

We are also members of FairWear Australia. The Federal law I mentioned earlier came out of 5 years of a very successful community-led campaign. It also involved politicians, and all the Independents supported it. So we don’t exist in a box. They say we’re special, because we don’t do things the usual way. There are only three community workers, and myself, then lots of volunteers, and most of the time, we’re doing outreach, we are out there in the community.

PGF: What do you mean by not doing things the usual way?

LC: First, we don’t do 9 to 5 office work. We do things on the weekends, we’re out there doing activities. For example, we organise a bus trip from here to Wollongong, and on the bus trip, we organise a seminar. Of course, you have a captive audience there, you can’t get off the bus [laughs]. We do very creative things, such as fishing, in cooperation with the Department of Primary Industries. One of their programs is to educate communities about safe rock fishing. While the men and the children are fishing, we gather the women and hold our leaders’ meetings. At the same time, we are the only organisation that deals with [Asian] migrant women workers in low-paid employment.

PGF: I read around 90 per cent of Australian-made clothes is the product of the labour of outworkers. A lot has changed since the 80s. with a shift from factory to home-based.

LC: Sometimes, some of the work will still be factory-based, where you have to give the right pay. There are cases of women hired to work 15hrs in the factory, then beyond that, the boss asks them to take the same work home but she’ll be paid less than that. These kinds of arrangements exist. But it doesn’t matter if it’s factory or home-based. What matters is that the women workers get the right pay and right protection.

PGF: But it’s harder to organise a workforce that is home-based because it’s divided and there’s no regulation.

LC: There is regulation, they have to be treated as employees, but you’re right to say it’s harder because it’s very difficult to look for them.

PGF: What is the most harrowing and/or happiest story you’ve heard or are able to remember in the time you have been working with “Asian Women at Work”?

LC: There are so many stories, some great, some that make you cry. I recall one of our members, an outworker in the garment industry. She used to work very long hours, and they had a child. The child used to look after herself. He learned how to cook, and was a very good student. At 17 years old, he was diagnosed with lung cancer. So the mother was beside herself. She blamed herself and thought she was responsible for his death. If she had not been working during all those times when he needed her... the boy passed away five years ago. It was their only child.

The other thing is that we used to run workplace language classes for outworkers. There was one woman in particular, who used to live alone, sewing from home day in and day out. She was always crying at night, she was very tired, all those body pains. One day she heard that there was going to be this language class. Her name was given to one of our community member who contacted her. She started attending the class and building networks of friends with other Chinese workers. Over 30 weeks, she learned English. She can now converse with other people, is now confident to go out to shop. On graduation day, she stood and declared: “I’m very happy because now I don’t have to look at the mirror every night and talk to myself.”

For us it’s already a success if one woman comes out and starts to be involved in the organisation. We can give her back the power she thought she lost when becoming a migrant worker here in Australia. We also have stories of women transitioning from one industry to another in a better-paying job. Our leaders in the organisation are success stories, too. They’re now giving back to the community because they’ve been helped by AWW.

Paul Giffard-Foret is a postgraduate student at Monash University’s Postcolonial Writing Centre.

A new wave of dissent: Los indignados and the return of history?

by Noah Bassil*

A Spanish mass movement against austerity has emerged. Los indignados, or the indignant, represent a part of a wider global trend evident since the onset of the Global Financial Crisis. A closer look at the Spanish reaction to economic crisis in the form of los indignados may shed light on today’s ever-widening struggle against economic orthodoxy.

In the last issue of this journal Estela Valverde explored the seriousness of the Spanish crisis. In particular, she highlighted the extent that the austerity measures imposed by the apparatus of global capital, the IMF and the EU Central Bank, and uncritically accepted by Spain’s political establishment had fuelled resentment across the Iberian Peninsula. The impact of the austerity measures are clear: a collapse in employment, a plunge in domestic demand and a contraction of the Spanish economy.

While the majority of the Spanish political establishment, Spanish technocrats and global capital accepted austerity, it is now clear that the majority of Spaniards do not. Whether the future of Spain rests in hands of los indignados or not is unclear, but what we can say for now is that the challenge they pose is real and presents some hope of an alternative future beyond neoliberalism.

The Return of History: Challenging hegemony

If we accept Antonio Gramsci’s notion that hegemony is the moment when a set of ideas are unassailable and uncritically accepted by the majority of classes and social groups, then, since the end of the Cold War, neoliberalism as a system has been hegemonic. Most of the popular discussion relating to the global economy prior to the onset of the GFC was couched in terms of finding balance, limits, regulation; in other words not in opposition to neoliberalism but rather as efforts to make the prevailing system work more effectively. In Spain since the onset of the GFC, popular opposition in the form of los indignados or M15 embarked on a genuine intellectual challenge to the set of ideas that underpin the neoliberal order. Since its emergence in May 2011, the movement has been, first and foremost, focused on forcing a change to thinking.

One story about the background to the first wave of mass protests illustrates the extent that los indignados represents a reaction to the hypocracies and anti-humanism of the existing order. According to this story, early in May 2011 a group of about 40 students met in the Puerta del Sol and spent long hours discussing the impact of a government decision to raise tuition fees and cut education funding. As the night wore on, these students were confronted by police who ordered them to move on. One of these students (who only a month earlier had slept in the square with thousands of others to buy concert tickets), when ordered by police to leave, tweeted that “We can sleep in the square for Bieber tickets, but not to discuss our future.” The tweet went viral and within days, according to the story, 30,000 people had amassed in the square. Whether this story is entirely accurate or not is less significant than the message it conveys: Spaniards were rebelling against the subordination of all facets of life to private (profitmaking) interests. The occupation of the square that followed was a direct confrontation to what was seen as the dominance of profit over people.

As the above story suggests, los indignados’ power and importance come from the challenge they issue against the assumptions which underpin the neoliberal ideology. Los indignados ask whether being productive, efficient, and an economic unit, is more important then being a member of society. These views are expressed in placards with words such as ‘I want to live in a society not an economy!’ and slogans such as “we are here to claim dignity and a new society that gives more priority to life than economic interest.” If these sentiments are not challenges to the basic philosophies of neoliberalism then I’m not sure what would be.

Los indignados also represent the rebellion of youth, and in this sense, they demonstrate that efforts to portray young people as apolitical and indifferent, apathetic, and at times even anti-social (as opposed to pro-society and anti-economicism), is an ideological project increasingly in conflict with the evidence from the streets. Like their Arab counterparts, and the young in Greece and Italy, and the continuing activities of the Occupy movement in the US, youth in Spain are demonstrating that they are politicized and conscious of their agency in a way that has not been evident since the 1960s and 1970s. While this does not seem to be the case in Australia, evidence from Europe (the Middle East and the US) is that in the midst of economic crisis there is a generation of activists emerging. One reason for this activism, is as I suggested earlier, a lack of belief in neoliberal project that they were sold because it has not delivered on promises, but,
in fact, has been responsible for widening disparities in wealth, corruption, environmental degradation and unemployment.

It is these realities which have been responsible for mobilising people from Peurto del Sol to Tahrir Square to Zuccotti Park. While youth have certainly been at the forefront of the risings, it is not only the youth that have chosen to stand against the prevailing system. Even Francis Fukiyama, a stalwart of the post Cold War US politico-economic order, has come out lamenting the damage that neoliberal capitalism is doing to society. However, for the millions of the movements that have risen up in other parts of the world in the last few years, demonstrate the levels of societal angst at the implementation of an economic system that favours capital (and capitalists) with few benefits to the rest.

What all these movements also symbolise is that this anger goes well beyond the age group of those on facebook and twitter. Clearly, los indignados is not only comprised of the young but can count in their numbers a new wave of revoltors, what Slavoj Zizek refers to as the revolt of the “salaried bourgeoisie”.

What unites the salaried worker, unemployed (or underemployed) their common bond is that of inequality in rising up is the ongoing deterioration of life under the rules of neoliberal capitalism. It seems that, in the current circumstances, workers and non-workers have decided that some rebalancing is necessary.

It is no surprise that they have eschewed formal politics, as it is against politicians and “democracy” as it now stands. To lose much of their ire is directed. Despite, mobilising in the lead up to elections, los indignados rejected the idea of running candidates. Like the Occupy movement/s across the Atlantic, the platform of los indignados represents a critique of the formal political process, unmasking politicians as part of the complex of power that has led Spanish society down the path to ruin. This is undoubtedly one of the strengths of the movement and one of the reasons that it remains vibrant and able to resist the attempts of the vanguard movement for reconceptualising the way that Spanish society is organised, then entering into informal politics may be a compromise they are unwilling to make.

Conclusion:
The Global Dimension

Only time will tell what direction los indignados will take. What we do know with some certainty is that they are part of a growing global challenge to a political and economic system that for thirty years has subordinated all aspects of life to that of economic value. Today, los indignados, along with mass protests in Tunis, Cairo and Athens, demonstrate how far to the centre the revolt against neoliberalism can move; and we watch (and join) closely in the hope that this move to the centre brings about the genuine progressive change that is necessary to restore hope to people’s lives.

* Noah Bassil is a Lecturer in Politics and International Relations at Macquarie University. His interests include global political economy, colonialism and post-colonialism, and the political economy of uneven north-south relations. References for this article are in the on-line edition.

Q and A

with ACTU Secretary Dave Oliver and President Ged Kearney:

by Rob Durbridge*

RD At the end of 2012 the ACTU Executive signed off on plans for the campaign this election year, can you elaborate?

GK We are pleased with the unity the Executive showed to support an ACTU campaign in all the regions around the issues important to members and their communities. We will be continuing to focus on secure employment as employers pressure workers to lose out on basic entitlements. And we’ll be holding a national consultation with community groups in May to highlight the issues and make the links between unions and civil society.

DO Coming from a manufacturing union, I’m particularly aware of the closures, cutbacks and redundancies which plague the sector, leading many workers to join the queues of those looking for part time and casual employment outside the protection of union bargaining agreements. The need to answer this comes strongly from unions and members in blue collar employment as the highest priority. It’s not just blue collar either; look at universities which are just as highly casualised.

RD How do you rate the success of the Howe Enquiry into insecure work?

GK It’s given us a new face in the community to be seen as concerned with the most vulnerable workers, rather than the media likes to portray us as interested only in the well-organised. Brian and the panel did a mighty job taking submissions around the country and the Report is well worth reading as it goes into recommendations about action to reduce the risk and impact of insecure work.

DO The Murdoch Press ran a “shock horror” report of an interview I did just before Christmas where I said we’d be looking for options to protect entitlements from the effects of insecure work. We are open to ideas like portability using a method like the industry super funds to bank entitlements in a pool. Schemes for saving long service leave in this way already exist in the building, mining and security industries and could be extended through legislation to all workers. The rightwing press and employers want us to surrender all the gains of previous generations in winning shorter hours and penalty rates for extra work.

The Howe Enquiry gave us the facts on just how far casual and fixed term work, labour hire and contracting out have undermined traditional entitlements. The Executive was frank with IR Minister Shorten about wanting legislative action to address these issues.

RD What sort of legislation do you have in mind?

DO Well the “right to request” changes for work and family reasons in the minimum entitlements is clearly inadequate…employers don’t even need to give a reason to say no. And we think that the minimum standards should include the payment of penalty rates for ad-hoc days.

We’ve got a big problem of unemployment...not as bad as Europe sure, but employers should be taking on more young workers and not getting away with manipulating casual and contract workers to avoid penalty rates. The employing class clearly thinks this is an area it can break down traditional entitlements and we just have to say no and press for amendments to the Fair Work Act.

RD The Abbott “softly softly” approach to IR has so far prevented the issue becoming a major difference between the parties. What can the ACTU do about that?

GK People are not as gullible as the Coalition thinks they are; we believe that the real face of the Coalition can be seen in Eric Abetz and his pathological hatred of unions and their members. He’s the Opposition’s spokesperson and has all sorts of plans for Royal Commissions into unions which would amount to the biggest witch hunt in many years against unions and all they stand for.

DO The HSU scandals have been a godsend for the Coalition and we’ve just got to continue to point out that they are not the typical picture of unions which are generally well run. They don’t suggest a Royal Commission into all companies. The HSU is the bribery and corruptions exposed in some, which are generally well run. They don’t suggest a Royal Commission into all companies. The HSU was the ACU’s contribution to the community to win secure jobs and the whole union movement can have a positive election outcome.

GK We’re looking forward to a year in which the ACTU and the whole union movement can have a positive message to the community to win secure jobs and family-friendly workplaces. The Coalition is only going to try to turn the clock back, our job is win public support for the defence of what we have won and for positive changes in the future. If the Federal Government can meet these aspirations we hope for a positive election outcome.

* Rob Durbridge is former National Secretary of the Australian Education Union and member of the Editorial committee of Australian Options. The interview was done in January 2012.
Its own Departmental advice warns of the ensuing risks of death and injury to park users. A complementary recent decision has been the formation of a gun advisory committee dominated by shooters and the gun lobby.

Private interests in transport have also been directly influential in Government policies. Following a helicopter firm’s lobbying, the Government authorised the firm to proceed with installing helipads in the centre of Sydney harbour to enable helicopters to transport tourists on regular sightseeing trips over the city and harbour. The decision was made without safety or environmental impact assessments. After huge opposition, the Government is not currently proceeding with this scheme but neither has it ruled it out for the future.

On the “advice” of the transport industry, the Government will permit what it calls a trial of the use of B-triple 35 metre trucks starting on the Hume Highway. Public outcry, warning of an increase in serious accidents, have been to no avail.

And then there’s the airport. To the joy of the Macquarie Group, which owns the current Sydney airport, the NSW Government has fiercely opposed the development of a second Sydney airport. This is despite Departmental warnings of an impending problem of crowding out of airspace.

Urban development yields further instances of unwarranted influence by powerful corporate interests. Perhaps the most glaring relates to the new casino. Multi-billionaire James Packer’s proposal for a Sydney casino (in the new CBD development of Barangaroo) has been accepted and awarded without tender.

Meanwhile, the Government has submitted to the clubs industry and cut taxes by $300 million over 4 years. At the same time the Government has claimed the need to cut the education and health budgets by nearly $2.4 billion over 4 years “to reduce the deficit”.

Other public interest institutions have also felt the axe. Following pressure from country interests on the National Party minister, but against the wishes of the NSW O’Farrell Government has permitted coal seam gas mining for coal mines and for the exploration of coal seam gas throughout rural and urban areas of the state. The Government has even permitted coal seam gas exploration in prime rural areas, as well as alongside urban housing, despite the great risks to ground water supplies, noise and other environmental impacts if the exploration were to proceed to mines. To reduce opposition to this process, the Australian Coal Association complained that the Government was continuing the practice (begun under previous governments) of funding the Environmental Defenders’ Office. Responding to this complaint, the government has slashed the funding for that important public interest body.

Other examples of the influence of mining companies and developers abound. The Sydney Catchment Authority has been reconstituted with a new chair who is a former director of two of Australia’s largest mining companies. It is concerning that similar companies have expressed interest in mining for coal seam gas in Sydney’s catchment area. And, for the first time in its history, no public health expert has been appointed to the Authority. It has also cancelled the 22 year-old practice of employing the children of 170 schools, as part of their science projects, to run pollution tests of the water streams feeding Sydney’s large catchment.

The Government has also acceded to the demands of the shooters’ lobby. In March it will open NSW national parks to shooters for killing wild animals. In the past only trained park rangers were permitted such culling.

Perhaps the most significant example is the NSW Government’s capitulation to the mining interests that have been lobbying for the development of new coal mines and for the exploration of coal seam gas in Cronulla (a Sydney beachside suburb) has been closed. Other public interest institutions have also felt the axe. Following pressure from country interests on the National Party minister, but against the wishes of the NSW O’Farrell Government has permitted coal seam gas mining for coal mines and for the exploration of coal seam gas throughout rural and urban areas of the state. The Government has even permitted coal seam gas exploration in prime rural areas, as well as alongside urban housing, despite the great risks to ground water supplies, noise and other environmental impacts if the exploration were to proceed to mines. To reduce opposition to this process, the Australian Coal Association complained that the Government was continuing the practice (begun under previous governments) of funding the Environmental Defenders’ Office. Responding to this complaint, the government has slashed the funding for that important public interest body.

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Other examples of the influence of mining companies and developers abound. The Sydney Catchment Authority has been reconstituted with a new chair who is a former director of two of Australia’s largest mining companies. It is concerning that similar companies have expressed interest in mining for coal seam gas in Sydney’s catchment area. And, for the first time in its history, no public health expert has been appointed to the Authority. It has also cancelled the 22 year-old practice of employing the children of 170 schools, as part of their science projects, to run pollution tests of the water streams feeding Sydney’s large catchment.

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by Chris White

In February 2011, at the same time as millions rose up in Tunisia and Egypt, the workers’ uprising in Wisconsin inspired the US labor movement with the occupation by unionists of the state capitol in Madison and with 150,000 militantly protesting. This book of 16 contributed chapters celebrates and analyses the Wisconsin protests. Yates is one of the celebrants saying ‘There was most definitely something special happening, and everyone present knew it’.

The protests were directed at the actions of Republican Governor Walker’s ‘Budget ‘Repair’ Bill. As Donegan says this was ‘designed to destroy public sector unions, expand executive power over all government agencies, and slash health and social services’. It abolished public sector collective bargaining and brought-in ‘right-to-work’ in public services. Public services were privatised and funding for public schools shifted to private ones. All-in-all, it was a class assault by the Tea Party and the far-right. Moreover, this occurred in a state that was traditionally well unionised.

The protests were dramatic as Donegan describes. It included the occupation of the Madison Capitol building by teachers and students. On 15th February 2011, 10,000 protesters rallied to attend the public sessions of the Budget ‘Repair’ Bill. Teachers, in particular, were active with ‘sick days’ and closing of schools. When the Senate was to vote those occupying organised blockades of doors and stairways and Democrat Party representatives left the Chamber and the State to try to ensure there was no quorum to vote. The police were powerless.

The demands made by left groups of “Tax the Rich” and “No Concessions” became popular. So did calls for a general strike. However, union leaders backed down and supported the Democratic Party on an electoral track. Meanwhile, Walker changed tactics and got the legislation passed without needing a quorum. The unions and democrats were able to successfully petition for recall elections of State Senators and the Governor. However, the by-elections disappointingly fell short by one of ending the Republicans’ Senate majority. After this book was published, the recall result saw Walker defeat his Democrat opponent for Governor.

I agree with editor Michael D. Yates. He says ‘These 16 essays are outstanding...the connections of the Wisconsin revolt to the existential questions facing the labor movement are handled with a clarity, intelligence, perspective, and urgency that is exactly appropriate to the task.’ Further, ‘the writers, debate lessons to be learned by union leaders and left activists on how the labor movement might proceed in this new era of union militancy.’

Much of the book is about learning from the organisation of protest and the failure of the electoral strategy. Luce says we have to be organised and bold and recognise that the ‘Right Wing is making this the “Fight of a Lifetime”’. She, like Hurley and Gindin, strongly advocates redefining ‘politics’ and rebuilding working class organisations to advance a strong agenda.

Similar pressing debates face Australian unionists and left activists. Australian corporations and right-wing politicians are actively learning from the US Republicans. We must resist the right but also need to learn how to deal with our culture of ‘laborism’ and the political dominance of the ALP over unions. Electing ALP to government is not the end of politics.

Jane Gleeson-White, *Double Entry: how the Merchants of Venice shaped the modern world - and how their invention could make or break the planet*, Allen & Unwin, Sydney, 2012, 294pp

Reviewed by Frank Stilwell

Who would ever think that a book about double-entry book-keeping could turn out to be a ripping yarn? This one is. As described on the cover, it sets out to show ‘how the merchants of Venice shaped the modern world – and how their invention could make or break the planet’. It does so by bringing together some economic history with considerations of Keynesian macroeconomics, financial crisis and the threat of environmental catastrophe. It is a fascinating blend of ingredients.

The story goes somewhat as follows. Luca Pacioli, a fifteenth century Venetian mathematician, first codified the system of double-entry book-keeping that was then coming into sporadic use and which would eventually regularise the recording of all commercial transactions. This innovation facilitated the expansion of trade and, indeed, the development of merchant, and later industrial, capitalism that occurred bit-by-bit over the next four centuries. Double entry and capitalism were, in effect, ‘chicken and egg’, interacting and evolving together into an industry transformed whole societies. Then, in the twentieth century, the application of similar principles in the development of national economic accounts created the necessary data-base for effective macroeconomic policy. Implemented within nation states, this made possible yet more economic growth. However, increasingly complex financial arrangements and the complicity of the accounting profession with corporate interests has subsequently fuelled a growing tendency to financial crisis, culminating in 2007-8 with the global financial crash. Concurrently, because national income accounting does not place any weight on ‘natural capital’, it contributes to a value system and economic practices that are fundamentally anti-ecological.

On this last point, the author’s argument echoes some well-established critiques of GDP as a measure of national well-being or progress. Indeed, any system of national income accounting that deals only in ‘flows’ of income, not ‘stocks’ of assets, is inherently flawed. No commercial business or business regulator would record this as acceptable. Worse, the flows that are counted are only the market transactions, so ‘externnalities’ and a wide array of social and environmental effects are ignored. Such critiques of GDP have been widely acknowledged. While there is little new here, the book surveys these concerns succinctly.

The great overall strength of the book, however, is its emphasis on the connection between accounting - narrowly conceived as business book-keeping - and the broader socio-economic developments with which accounting is intimately connected. To say ‘how we think determines how we act’ is a familiar cliché: Gleeson-White’s book makes a strong case for the parallel view that, in economic affairs, what we measure determines how we act.

To take another parallel concern, it could be argued, in the light of this book, that accounting ranks alongside religion in telling the story of capitalism’s emergence. Most political economists and sociologists would be familiar with the argument – deriving from Max Weber and R.H.Tawney – that the protestant religion was conducive to the development of capitalism. Here in Gleeson-White’s book we read that the seemingly mundane concerns of accountants were also a necessary condition for the full flowering of complex and comprehensive capitalist commerce. Our material lives and prospects have been thereby transformed - for better or worse.

Does this chain of reasoning accord too much causal significance to accounting practices? As political economists recurrently emphasise, capitalism has its own inexorable ‘logic’ of profit-seeking and accumulation. True, the processes whereby financial transactions are recorded may either help or hinder; and accountants, in everyday practice, do have their own professional and corporate interests. Nowadays, there is much ‘internal’ discussion in the accounting profession about how best to monitor and facilitate business activities, even within the broad principles of ‘double-entry’. As somesay, if the world’s biggest corporations stumble on – with corruption often compounding crisis and crash – it is certainly pertinent to ask what determines the criteria by which progress’ is assessed.

This is a book that can be warmly recommended: after reading it you’ll never see book-keepers and accountants in quite the same light again.
Gary Shearston, *The Great Australian Groove*


Australian singer Goyte has recently won a Grammy award for his pleasant but unremarkable global pop song hit. At the same time, Australian singer songwriter John Williamson rightly complained about the influence of the Nashville type music scene here. In contrast, this album of 18 songs looks deeply and at times wittily at personal and political issues in our culture.

As with his three other albums of original songs released this century, Gary Shearston covers the meaning of love/solidarity and the need for equality and a vision for our society. On the former issue, songs like, *What Is Love? and Need Me Some Love* stand out, with *Phantoms of the Night* a penetrating song about dreaming. Moreover, the complexity of relationships in his own family background is explored in *From Goodness Knows Where*, which even on a second or third listening retains its dramatic tension.

At the societal level, songs like *Frost Across the Tableland, Strangers and In All Humility* call for values such as optimism, altruism, sharing the fruits of the land and peace in strong lyrics as against the evils of narcissism, racism, greed and extreme nationalism. Shearston is a fine exponent of the historical ballad and this is borne out in *When Push Comes To Shove*, about the Sydney Push of the late fifties and sixties, of which he was a participant. Here he calls out for a new vision for Australia and is really talking about the need for a values revolution.

While there are no instant solutions, Shearston sees hope in some Australians’ ability and determination to the tackle big and small issues of life they find before them in the title track, *The Great Australian Groove*.

Mick Thomas, *The Last of the Tourists*


Mick Thomas was the lead singer and main songwriter for the Melbourne based band ‘Weddings, Parties Anything’ whose brand of rollicking folk rock produced songs, with a social edge, such as the *Hungry Years, Away Away, Sergeant Small and Monday’s Experts*, in the late eighties and nineties. This offering shows Thomas has not lost his song writing touch with fine songs such as the title track *The Last Of The Tourists*, *Gallipoli Rosemary* and *The Glamorous Warbler*. He is well accompanied by piano accordionist Mark Wallace, known as ‘Squeezewax Wally’. An entertaining bonus CD features a live performance of ‘Weddings Parties Anything’ hits.

Safety nets and golden parachutes

In a recent referendum 67.9 per cent of Swiss voters approved an initiative against excessive executive pay. The proposal, which had been opposed by the Government, would put a ceiling on the earnings of managers. The proposal covers Swiss companies listed on Swiss or foreign stock exchanges. In a bid to derail the initiative parliament drew up counter-proposal that requires shareholders to be consulted over pay and provides exceptions to a ban on golden parachutes. If the referendum based bill fails, the counter-proposal would become law.

Golden parachutes first appeared in the USA in the 1980’s supposedly to attract the best leaders to assist struggling multi-nationals. According to American peak unions AFL-CIO, the pay of chief executives in the USA swelled from 42 times the average blue-collar worker’s pay in 1980 to 380 times the average worker’s pay in 2011. This roughly parallels the situation in other developed economies and the idea of gentling bringing down golden parachutes is a good one.

However, it needs to be matched with raising the safety net for wage earners at the opposite end of the wage scale.

The oxymoron that still works

More evidence of the working poor was detailed in March, this time from the Northern Territory.

The alarm came from the Salvation Army which said more middle to low income earners need relief because they can’t make ends meet. According to the Salvation Army’s NT social program secretary Peter Wood demand for its relief services is at its highest level ever and is continuing to rise due to price increases.

He said that over the past six months demand has increased by 25 per cent in addition to a 75 per cent rise over the two years before that.

“I think, generally, people budget quite well,” he said. “They’re paying for their accommodation, for food, for clothing, for school for their children, and it’s just not making ends meet.

“While we are seeing good economic growth in the Territory for some people, people who just work in regular jobs, people who are just regular wage earners, are not making it.”

It is not new that those who produce do not have enough for themselves. It’s an old age story that reflects the power of privilege and its exploitative systems. What is remarkable is the failure in modern, literate and more transparent times, to see the dysfunction of such economic systems.

Basic income push

Italy’s Basic Income Network (Bin-Italy) has collected 50,000 signatures calling on Parliament to legalise for a basic minimum living wage. The inspiration for the move was a book Reddito minimo garantito, a progetto necessario e possibile (Guaranteed Minimum Income, a feasible and necessary project) published by Edizioni Gruppo. The book was released in October 2012 the book is the result of research carried out by Bin Italia and funded by Provincia di Roma. It looks at the experiences of guaranteed minimum income in some Italian regions, and it suggests a possible way to implement a national law on guaranteed minimum income. If you want to try out your Italian and find out more visit http://www.bin-italia.org/

Children overdroned

Reports that Australian soldiers killed two Afghan children on February 28 follow UN concerns at the number of children casualties.

According to the UN body monitoring the rights of children, US forces in Afghanistan, have killed hundreds of children over the last four years.

The Geneva-based Committee on the Rights of the Child said casualties were “doubt not conversely to reported lack of precautionary measures and indiscriminate use of force”. Its report was released as US policy on drone targeting and air strikes came under scrutiny.

The UN committee urged the US to “take concrete and firm precautionary measures and prevent indiscriminate use of force to ensure that no further killings and maiming of civilians, including children, take place”.

It also asked the US to “ensure that children and families, victims of attacks and air strikes, do always receive redress and compensation. A report to the UN Security Council last April, by the body’s special representative for Children and Armed Conflict, said that the number of child casualties attributed to air strikes conducted by foreign and Afghan forces, “doubled compared with the last reporting period, with 110 children killed and 68 injured in 2011”.

The US military said reports that its forces killed hundreds of children were “categorically unfounded”. And once investigated through the fog of war it is likely that the alarm expressed by this latest UN report will be drone out.

Global public opinion: Ten years after

Possibly the biggest event in global history which the New York Times
called “the second global power” took place 10 years ago in streets around the world. An estimated 110 million people demonstrated against the war in Iraq on 15 February 2003 and in various languages the rallying cry was “No blood for oil”.

However, the social movements, trade unions and politicians behind the disdain for war were also starting to build an alternative view to the neo-liberal narrative.

How have things fared 10 years after? The war in Iraq has been and gone for the West but not for the Iraqi people. US and European led military adventures have brought about regime change in Libya. The war in Afghanistan is as intractable as ever. The spectre of colonialism is repeating itself in Mali. West and East tensions haven’t abated. Economic disparity is worse and serious environmental repair is still to happen.

But, during this decade globally something else is stirring. There has been the emergence of an economic block in South America. The Arab Spring may be the start of something constructive in Middle East and East-West relations. And closer to home the ‘Occupy Wall Street’ and Indignados (Indignants) movements against austerity measures are producing new anti-neoliberal expressions and the urgency for climate change action is more evident each day. They are hopeful signs that global public opinion will become a constructive superpower capable of counterbalancing if not overcoming corporate or State power.

Microsoft makes then breaks its rules

The European Commission, which acts as competition regulator across the 27-member European Union, has fined Microsoft $711 million for breaking its own rules.


Explosive Catholic conflicts

Giovanni Battista Franzoni, who was defrocked by Pope Paul VI, with whom he had feuded over theology, said he could not say anything positive about the recent Pope’s resignation.

“Since the days of the pontificate of John Paul II, the role of Joseph Ratzinger was one of the executive arm’s strategy of gradual marginalization of the theology of liberation within the Church. Ratzinger was the contractor on behalf of Wojtyla’s repression of theological thought and theories carried out during the Second Vatican Council,” he said.

Franzoni was defrocked during the Cold War, after he had announced his intention to vote for the relatively mainstream Italian Communist Party in 1976, which he had joined in June of that year

“Thanks to the humility of Pope John XXIII, which opened to the different souls of the Church, Catholicism was able to shake and open to modernity. All this has been progressively dismantled in an authoritarian manner first by John Paul II and Benedict XVI.”

According to Franzoni, Benedict XVI now “took note of his weakness to govern the conflicts that were exploding in the Church, in a fierce competition for power that had occurred recently with sensational scandals within the Vatican”.

Frank Barbaro

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A series of fabricated intelligence reports were the basis for the American led invasion of Iraq 10 years ago on 19 March 2003.

According to the Costs of War project at the Watson Institute for International Studies at Brown University, 134,000 innocent Iraqis lost their lives as a direct result. However, the groups says, this number could well “double” before a complete count is reached.

In addition, the report estimates that 2.8 million people remain either internally displaced or have fled the country.

The war’s economic cost has also been astonishing with the project estimating that ultimately the war could cost the US has much $6 trillion when all liabilities are tabulated.

The Costs of War research also looked at the totality of spending and human damage in the US wars in Pakistan and Afghanistan as well. It found that although only about 6,600 US soldiers have died in those wars, more than 750,000 disability claims from veterans have already been approved for injury and illness.