

12. The Influence Seekers

The Federal Government, the Public Service and the Parliament have assumed ever-greater significance in national affairs as the power of the States has waned, and are thus a target for special-interest groups. The most influential and wealthiest of special-interest groups is the Australian business community—representing businesses big, medium and small. Business claims to be enthusiasts for competition and berates unions for, among other things, wanting to have exclusive coverage of workers in business establishments. Yet businesspeople detest competition and do everything possible to wipe out competitors, be it locals or importers.

A persistent myth about Menzies was his closeness to the big end of town, but he did not go out of his way to pander to the business community. True, at the urging of the private banks, he legislated to separate the Reserve Bank from the government-owned Commonwealth Bank. The private banks had a perfectly reasonable argument. Given the sweeping powers of the Reserve to intervene in banking business, it should not have been incorporated into the Commonwealth Bank—a competitor of the private banks. Menzies encouraged Garfield Barwick to develop legislation to control potential cartels and anticompetitive behaviour. It fell to Lionel Murphy, Attorney-General in the Whitlam Government, to introduce the trade practices legislation that provided the basic weapon for the Australian Competition and Consumer Commission (ACCC) in its unending struggle with cartel power.

The struggle between the free traders and protectionists has a long history, going back to the debates leading to Federation, and was entangled in the White Australia Policy, leading to the formation of the Australian Labor Party. The protectionists and supporters of White Australia were in the ascendancy right up to the 1960s when Harold Holt cautiously began to dismantle the White Australia Policy—a task Whitlam finished.

Like most journalists, I took for granted that tariff protection for Australian industry was a given, with both sides of politics supporting the policy without question. There were only two significant business lobbies in Canberra in the 1950s: the Associated Chambers of Manufactures of Australia (ACMA) and the Associated Chambers of Commerce of Australia (ACCA)—both in the suburb of Barton, within easy walking distance of Parliament House. Both were federal organisations, as are the Commonwealth of Australia and the major political parties. ACMA's membership and funds derived from the various State Chambers of Manufactures and ACCA's membership and funds came from the State Chambers of Commerce.

ACMA was the cheerleader for the whole mechanism of the defence of Australian industry against imports provided by tariffs and anti-dumping measures. ACCA—whose membership was influential and included the banks as well as importers—mounted stiff opposition to protection. Executive Director, Ray Pelham-Thorman, a former Treasury official and a capable and determined lobbyist, led the chamber for 23 years. Bob Anderson, the CEO of ACMA, was the high priest of tariffs, and I found him to be an affable and knowledgeable contact. Tall, with a ruddy, smiling face, and popular, he was more a salesman than Pelham-Thorman, who relied on economic analysis to push his case. Menzies described him as the ‘prince of lobbyists’.

Anderson, speaking for protected industries such as vehicles, textiles, clothing and footwear—indeed most products manufactured in Australia—had the political advantage over Pelham-Thorman, who represented the big end of town. The union movement was solidly behind Anderson, who had extensive political contacts, including Bill McMahon (they were friends from before the war, when keen ballroom dancers). When it came to tariffs, McMahon and Anderson were on opposite sides of the fence. McMahon was the only dissident in the Menzies ministry against the protectionist policies of McEwen.

After Anderson departed ACMA in 1977, the organisation changed its name to the Confederation of Australian Industry (CAI) and was an amalgamation of ACMA and the Australian Council of Employers’ Federations (ACEF). In 1987 there was turmoil in the associated chambers. Andrew Hay, formerly secretary to Fraser Government Minister Phil Lynch, was president of ACCA. He decided to sack all the senior executives, including Howard Grant, an engineer who was recruited from the major construction company Civil and Civic. Hay believed ACCA no longer needed its specialised information services to hundreds of companies classified as associate members.¹

By the 1970s, Taiwan had become an important export market for Australia, yet it was not extended diplomatic recognition by Canberra. The Australian Government recognised only one government in China: that which rules in Beijing. Nevertheless, the Government was anxious to assist trade with Taiwan, but could not establish an office for the Australian Trade Commission in Taipei. Soon after the Fraser Government came to power, it used ACCA as the de facto Australian Trade Commission in Taiwan. The Trade Department contracted ACCA to establish the Australian Commerce and Industry Office in Taipei. The device of ACCA in effect running the trade commissioner’s service in Taipei avoided diplomatic problems with the Chinese Government. Both CAI and ACCA

1 Conversation with Howard Grant.

were having financial problems and finally, in 1992, the old enemies merged to become the Australian Chamber of Commerce and Industry (ACCI). By that time, the Hawke and Keating Governments had decided in favour of the free traders.

Opponents of the then system of industrial relations were scornful of what they had dubbed the industrial relations (IR) 'club'. Members of the 'club' were union officials, employer representatives and the members of the Commonwealth Conciliation and Arbitration Commission. Senior union and employer representatives were appointed by the Federal Government to the Australian Industrial Relations Commission and by State governments to the State Industrial Relations Commissions.

A pillar of the 'club' was another national body, the Metal Trades Industry Association (MTIA; now the Australian Industry Group), headquartered not in Canberra but in Sydney. The Metal Trades Award's pay and conditions flowed through to virtually all manufacturing workplaces and other industries—hence, MTIA was the most important organisation of employers under the now defunct centralised system of wage fixation. MTIA argued for the bosses on pay and conditions; ACMA was the protector of high tariffs for the bosses and workers; and the Australian Council of Trade Unions (ACTU) fought for the workers on all fronts.

Prominent members of the IR club such as Bob Anderson and legendary union leader and President of the ACTU, Albert Monk, spent a good part of Australian winters in the northern summer in Geneva, all expenses paid, attending the annual meetings of the International Labor Organisation (ILO), a UN organisation aiming to improve the labour market for workers and employers. The annual sojourn in Geneva was one of the perks for members of the club and once you were a member you were set for life. Monk was President of the ACTU from 1934 to 1943 and then again from 1949 until his retirement in 1969. Harold Holt, Minister for Labor in Menzies Governments from 1949 until 1963, was a good friend of Monk.

Menzies, like all conservative prime ministers until John Howard, was a supporter of the IR 'club'. When a serious strike arose, the Prime Minister would call on the unions and employers to go before the 'independent umpire': the Commonwealth Court of Conciliation and Arbitration and its successor from 1956, the Commonwealth Conciliation and Arbitration Commission. If a strike (or its effects) extended across State borders, it was regarded as a national strike, and Menzies and Holt believed it was their job to try to end it, not inflame it. Holt would get together with Monk to try to agree on what needed to be done on both sides—employers and unions.

'Rounds' is a journalistic term for a special area of news requiring the attention of one or more journalists: police rounds, rural rounds, shipping and aviation rounds, and so on. Industrial relations was and remains a 'round' for senior, specialist journalists in the State capitals who had good contacts in trades halls and employer organisations. When a strike became national, it was also up to the gallery to cover developments from the point of view of Holt and the Government.

Holt had no press secretary and no matter how hot an IR issue was, he would deal with the gallery directly. Many a strike did become a hot issue and communist-led unions were often involved—notably, Jim Healy and the Waterside Workers' Federation. My father was no communist, but, like many unionists, he regarded Healy as a champion of the workers, and communists succeeded in the unions because most rank-and-file members believed they were tough and incorruptible. Even though Ben Chifley used the Army to break the communist-led coal strike of 1949, this did not of itself bring about the demise of communist union leaders.

Clarrie Gaudry, the first director of the Heavy Engineering Manufacturers' Association (HEMA), established a small secretariat in Canberra. Formerly a customs official, he was hired for, among other things, his knowledge of the tariff and import quota system, which Australian industry looked to for protection from imports. During World War II, Gaudry served on Royal Australian Navy (RAN) destroyers in the Mediterranean. Known as the 'scrap-iron flotilla', these vessels were built in Britain during World War I and were at the end of their useful life.

Gaudry had some great stories. One concerned the Allies' stunning 1941 defeat of the Italian forces in the desert, when the AIF Sixth Division played a key role. More than 65 000 Italian prisoners-of-war had to be managed and fed, and RAN ships were asked to provide personnel to help. When the volunteers from Gaudry's ship got to the place where the Italians were being assembled, an army officer addressed the disconsolate Italians. 'Does anyone here speak English?', he roared. An Italian soldier pushed his way through the crowd and stood in front of him. 'Do you speak English?', asked the officer. 'Fuckin' oath I do', said the Italian. 'I ran a fish 'n' chip shop in Richmond, came to Italy on holidays and Musso [Benito Mussolini, the Italian dictator] threw me into the Army.'

Gaudry had risen to the rank of chief petty officer in charge of the radio room on his ship when a Royal Navy lieutenant seconded to the RAN asked Gaudry if he could help find a lost big bottle of black ink. Gaudry went to the door of the radio room and yelled down the corridor to the ratings in the forward mess: 'Has anyone seen the lieutenant's big bottle of black ink?' A voice from the mess

boomed back: 'No, but we've seen his big, black arse.' The Britisher retorted: 'I'd watch them, Chief, they may be doing a George.' (A 'George' was a British naval term for buggery.)

Gaudry was selective about the journalists he invited to the annual HEMA dinner and, as a mate, I made the list. Although of working-class background, Gaudry insisted on dinner jackets as the dress for the dinner. Women journalists were not invited, and his friends berated him for his prejudice. Gough Whitlam was guest of honour at one of the dinners and, after his speech, was enjoying himself at the head table when a waiter, bearing a tray loaded with port, tipped the lot over the Prime Minister. Whitlam calmly got to his feet, took off his soaking trousers and continued with the dinner.

Gaudry and his successor, Richard Dowe, saw their principal role as gaining the maximum protection for their industry from import competition. The vast oil and gas reserves on Australia's North-West Shelf should have provided a great opportunity for the development of Australian heavy engineering. European companies had certainly insisted on maximum use of their own engineering industries to develop North Sea oil reserves and even during the Thatcher years in Britain, when economic rationalists commanded government policy, international oil majors seeking to develop North Sea oil fields were required to first provide the UK Offshore Supplies Office with detailed proposals for British industry participation. If contracts went to other than UK firms, developers were asked to explain.

Tiny Norway, with only 4.5 million people, was fortunate as economic rationalists were thin on the ground when the Norwegian oil fields began to be developed. The Norwegian Government legislated to ensure work on the fields had to be carried out in Norway, using Norwegian engineers and technicians. Norway today has a world-class offshore oil and gas design and engineering industry. The approach was entirely different in Australia. Multinational oil and gas companies threatened the Hawke and Keating Governments, claiming they would pull out of Australia if local industry was given any advantage in tendering for work on the shelf.

Local industry was not given a chance to compete equally, let alone given an edge over foreign companies. Australian firms competing for tenders frequently were given insufficient notice of tenders coming up, and in any case the international companies mainly gave the work to their overseas affiliates and associated companies. I kept in touch with Richard Dowe when he succeeded Gaudry (and invited women journalists to the annual dinner). Dowe fought strenuously for greater Australian industry involvement in the development of offshore oil and gas fields, but without success. Dowe regarded Woodside as his major obstacle, claiming it stymied any attempt to give local industry the

slightest leg-up over the foreign competition. Dowe's attitude towards Woodside was shared by Treasurer Peter Costello, who, in 2001, cited national interest when he vetoed Royal Dutch Shell's hostile \$10 billion bid to take control of Woodside, in which it had a 34 per cent stake.

In the 1980s, HEMA closed its Canberra office. What was left of the heavy engineering industry chucked in the towel—a state of affairs stemming from the lack of courage of companies within the industry and of the indifference of successive Labor and Coalition governments.

The Australian Mining Industry Council (now the Minerals Council of Australia) set up a secretariat in a handsome building on Northbourne Avenue and its founding chief executive was an old friend of mine, Paul Phillips. A former senior official in the Department of Trade under McEwen, Paul was a tall, handsome man, with greying hair combed straight back; he looked every inch the senior executive.

Phillips was a prodigious drinker and heavy smoker. He would open the office bar about 11 am for a couple of beers with his senior male staff, then head off to the Commonwealth Club bar where he would down a couple of vodka martinis before lunch with wine and coffee (with brandy), then return to the office. When the office bar opened again about 4 pm, Paul would turn up at the saloon bar of the Hotel Wellington, where he was a regular member of a large drinking school. After a middy or three at the Wello, it would be time to head home to dinner with his charming wife, Betty, for more pre-dinner drinks, wine and brandy. I never saw him the worse for wear. Phillips was also an important adviser in his public service days to the ruggedly straightforward Country Party Leader John McEwen, who, by fate, was to briefly fill the role of Australia's Prime Minister.