

# Pacific Rim Report: Westwood the Course of Empire

Rupert Murdoch provides a personal vision of Australia's future

I have used as a text for this paper, a famous line from the eighteenth century Irish bishop and philosopher George Berkeley, reflecting on the successive rise to power of Babylon, Greece and Rome. The poem opens, and I quote "Westwood the Course of Empire Takes its Way". The title of Berkeley's poem was *On the Prospect of Planting Arts and Learning in America*. This is still a formidable task!

Berkeley's legacy is consequently to be found on the western edge of North America. Looking through San Francisco's Golden Gate out across the Pacific, it is the town that is now the home of the University of California — Berkeley.

It seems that Bishop Berkeley's two-hundred-and-fifty-year-old prophecy is still operating. The centre of global gravity appears to be making a further shift westward, into the Pacific. That is not to suggest, however, that I think the United States is going to be left behind. In fact, I think exactly the opposite. The sheer size, scope and complexity of the American phenomenon means that it can never be written off. As ex-Prime Minister Nakasone said in *The Economist* magazine a few years ago: "The twentieth century was the American century. The twenty-first century will be the American century."

## Sharing the American Imperium

But I do think, however, that the American imperium is going to be shared, at least economically. After all, that is what happened in the last century. Several powers industrialised, following Britain's lead, and together they shared Western Europe's moment of greatness. In this next century, the several powers sharing America's moment of greatness seem likely to be those of the Pacific Rim. This is a region whose share of world trade was about 13% in 1980, and is projected to reach 33% in the year 2000. It is a region that already contains eight of Australia's eleven top export markets and whose total trade with Australia is greater than that of the European Community.

I would like to put this development into its true perspective. Recently, Milton Friedman, the Nobel Prize-winning economist, made an important statement:

*"The combination of political and technological change (that we have recently witnessed) ... constitutes a real revolution in possible co-operation between capital-rich countries and labour-rich countries."* Professor Friedman also made this prediction: "It could give us the equivalent of another industrial revolution." In the Asia-Pacific region we are looking at something that affects the future of humanity itself.

Karl Marx, for example, was in no doubt that the industrial revolution was a breakthrough for humanity. Now we have the chance to extend to the whole of humanity the benefits that we enjoy in the developed world. The power for this breakthrough lies in the potential of the Asia-Pacific region.

**Rupert Murdoch requires no introduction to any media watcher, in any part of the world. He has been described as the dominant global business force in the late twentieth century, and has certainly emerged as the dominant media figure of the 1990s. This recently delivered paper provides an insight into Mr Murdoch's vision for the Pacific Rim and Australia's place within it.**

## The Problem of Government

But there is a problem of government. Friedman expressed it as follows: "What bothers me is this: not only the US but other countries seem to be missing this enormous opportunity. The capital-rich countries are going in a protectionist direction, building walls around their blocs. Fortress Europe. The US with Canada and Mexico." Obviously, this is a problem we are all too familiar with in Australia.

Let me give another example of the problem of government. Obviously, the untapped potential of the East Germans is a tremendous asset to the world economy. But it has almost been turned into debit, with the West German

Government's handling of it. The hasty unification of the currencies, the extension of West German regulations and benefits, distorted and virtually destroyed the system of price signals that would otherwise have guided East Germany efficiently into its appropriate place in the free world. Bonn will be fortunate if its interventionist policies do not create another Mezzogiorno — like Southern Italy, a permanent economic drain.

So let me summarise my thoughts on the significance of the Asia-Pacific region. The emergence of the Asia-Pacific economies is a cause for great hope but not for complacency. It is not beyond the scope of humanity to fumble this opportunity.

## The Place of Australia

Where does this leave Australia? Technology has abolished the tyranny of distance and Australia is now well-located. This is firstly a matter of geographical reality. We are only 8 hours from Hong Kong, 12 hours from California and 24 hours from Europe. However, electronic technology is reducing the importance of geography. With a computer and a telephone, you can dispatch volumes of information to the other side of the globe with just a keystroke, at insignificant cost.

Whole new industries are developing around this fact, in some remarkable places. For example, located in a little town in the Utah Desert is one of the hottest software operations in America, the home of the Wordperfect word processing program. It is the equivalent of finding a major industry in Alice Springs. More importantly there is absolutely no reason why that company could not be in Alice Springs. Australians could have written that software. They could be sending it all over the world. In the future, I believe they will.

## The Need for Skills

This ties back to Australia's role in the Asia-Pacific region. The prosperity of this region is not a question of tapping great new

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reserves of national resources, or even unskilled labour. It is not like the opening-up of Africa in the nineteenth century. What counts in this region is skills.

Australia is lucky in that its natural resources complement this great regional surge in economic activity. But ultimately, to participate fully in the Asia-Pacific boom, Australia has to get beyond natural resources altogether. I do not mean by that to repeat the conventional wisdom that Australia has to go from extraction to processing, from primary industries to secondary industries. That thinking still reflects a natural resources fixation, the fallacy that only tangible products are real.

Prosperity in this hemisphere is going to be a great arch of skills, vaulting from Australia to the emerging economies of the north. Australia will participate to the extent that it develops its skills. In the case of the computer industry, for example, it is a mistake to focus on trying to stimulate hardware manufacturing here by keeping imports out. That reflects the natural resources fixation again. Instead, Australia should allow as many imports as it can afford, to drive down the cost of computer power and encourage the computer hackers. It is from this hacking subculture that software products emerge. And that is an industry with vastly more potential than bolting widgets onto circuit boards — and an industry in which Australia is at no competitive disadvantage.

### English as an Asset

**F**inally, there is a third sense in which Australia is well-located — one of politics, culture and history. Australia is the representative in this hemisphere of the larger English-speaking world. It is, and should be much more so, the nexus between the West and the emerging economies of East Asia.

The fact that Australia is part of the English-speaking world is a crucial asset. English is the international language of trade and technology. For this reason, as well as because of recent history, English will be the lingua franca of the Asia-Pacific region. This is potentially a great source of invisible earnings for Australia. Australian schools and universities are becoming national profit-centres. They are finding a rich market among the citizens of the Asia-Pacific region who want their children to learn English and the ways of the English-speaking world. Such invisible earnings are just as real as the manufacture and export of physical goods.

### Modernisation of the Asia-Pacific

**T**he Asia-Pacific region is entering the world economy because it is passing through the peculiar process sociologists call modernisation. Its societies are being forced to become more open and decentralised, less hierarchical and authoritarian. This is not just because of the moral force of the democratic idea, although China demonstrates that this cannot be indefinitely denied. Openness and lack of hierarchy are functional necessities if any society is to absorb and adapt, let alone advance, technological change.

The English-speaking world wrote the book on modernisation. Nowadays modernisation to a very large extent really just amounts to Americanisation. And this is something that Australia understands and has shown itself able to handle easily. Australia has achieved that very rare prize: freedom combined with political order. And I think this is too easily taken for granted. For that reason, in the Asia-Pacific region, Australia has an historic role to serve both as a model and a guide. To the extent that Australia can influence the emerging powers of Asia to follow the example of the English-speaking world, all of humanity will be in its debt.



### The Venice of the South

**S**ummarising my view on Australia, the tyranny of distance has been abolished. Australia is no longer on the periphery. It is now strategically located. It has the potential to become a great cultural and commercial entrepot. Australia could be the Venice of the southern hemisphere — profiting from the

Asia-Pacific boom as Venice profited from trade following along the ancient silk road into the Mediterranean.

I say Australia *could* be the Venice of the southern hemisphere because, as I mentioned earlier, it is certainly not beyond the scope of humanity to fumble this opportunity. Obviously, Australia must avoid West Germany's mistake. Australians must learn to read the signals of the market if they are to identify and exploit all the possibilities that are open to them. Anything that interferes with those signals — tariffs, regulations, controls — will damage Australia's opportunity. Fundamentally, Australia has to shift from a defensive to an offensive approach.

There is a precise analogy to sailing a yacht — you can sail along slowly, being content with slow but sure progress. Or you can spread your sails and catch the winds. It takes intelligence and quick reflexes. But it is faster. And more fun.

On top of which there is this further point: When the wind blows strongly enough, it will capsize you anyway — even if your sails are furled. And some of Australia's protected and obsolete industries are already shipping water.

Let me make a personal confession here. Thirty years ago, I assumed with a lot of other people that government could and should intervene, that market forces can be contained and controlled. But in my own business I have learned the hard way. We do not have the predictive powers it would require, and there is the question of moral hazard. Our efforts too easily become corrupt and self-serving.

### British Newspapers

**I**saw this process at work in British newspapers. Unions, managements and government effectively collaborated in an attempt to contain and control change. This was strangling the industry. Since we opened it up, by moving our printing operations to Wapping and finally introducing the so-called new technology, there has been a silver age in British journalism with more newspapers and better jobs for everyone.

Television is a classic example of a wind of change that cannot ultimately be contained or controlled by regulation, that will one day capsize all media businesses that try to ignore it — or be immensely beneficial to the companies and countries that catch it in their sails.

In conclusion, the Asia-Pacific region offers the potential for a new upsurge of global economic growth. Australia has the opportunity to become the Venice of the southern hemisphere. But it must learn

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## BBC News Services

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**T**he BBC has also been expanding its own international news gathering base for its television and radio services, both domestic and international. The BBC now has more than 50 bureaux and well over 250 correspondents and stringers around the world. As BBC World Service Television Limited has developed, it has also made arrangements for expanded international picture supply with third parties. BBC World Service Television Ltd has been talking to the ABC in Australia about the possibility of complementary coverage with access to ABC bureaux and correspondents in those areas — particularly in South-east Asia — where ABC has developed its news gathering expertise. We believe that, as an alternative to the approach adopted by NBC and CBS, collaboration with other newsgatherers in order to secure a greater return on the high fixed costs entailed in newsgathering, is a step forward. It also helps secure plurality of news supply.

This is a vital corollary of freedom of information to which BBC World Service Television is committed. We are committed to the principle that a better informed world makes for better international relations. Constraints on plurality of sourcing and the freedom of information are the handmaidens of bigotry and bias. The BBC's international reputation rests on its commitment to impartiality and accuracy and its readiness to reflect a diversity of views. Newsgathering partnerships around the world are an important element of this, as is the international polyglot expertise that can be found in the BBC World Service.

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## BBC World Service Television

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**I**t was an awareness of the brand strength of the BBC internationally that led to the creation of BBC World Service Television Limited. The company was established as a wholly owned commercial subsidiary of the BBC in March 1991. Its mission statement sets it the task of "creating a self-funding television equivalent of BBC World Service Radio, with the aim of being in every continent by the end of 1993". It has already launched services with regional partners covering Europe, Asia and Africa and we are in various stages of development with plans for services for Japan, America and the Pacific. The ventures are wholly self-funding. BBC World Service Television Limited has

recourse neither to BBC domestic licence revenue nor to grant-in-aid. Relations with the BBC and other suppliers are governed by normal commercial contracts and licences.

The logic for the creation of BBC World Service Television was governed by a number of considerations. First, there was the desire for the BBC to retain its competitive position as a respected provider of impartial and accurate information as the growth of television attracted listeners away from radio. Second, there was a realisation that without an international television presence, the BBC might find itself marginalised in the increasingly competitive global market for rights. Finally, it was considered that the status of the BBC as an international broadcaster might temper attempts to interfere with the future operation of the BBC on purely domestic grounds. Those of us who work for the BBC or who, around the world, rely on its contribution to the free flow of information internationally, see it as a global asset.

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## Regional partners

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**A**t this stage of its development, BBC World Service Television provides primarily news and information services, tailored to the needs of the different regional markets covered by its satellite outlets. We rely on our strategic regional partners to secure the revenue for the service and to advise the company on the best way of tailoring its services to the needs of each region.

These important relationships have helped already to shape the service and to reinforce our recognition of the need for a two-way street in the field of information flow. A World Service cannot achieve its aim if it does not actively promote that flow by, for example, entering into collaborative newsgathering arrangements. Cultural imperialism is inimicable to the free flow of information and a better informed world. We believe that in working with others who broadly share this vision, drawing on their resources to improve international coverage and by making that international coverage available to supplement national news services, we can make a contribution to global information that is both outstanding for its breadth and cost-effective in its provision.

The development of BBC World Service Television as a commercial, wholly self-funding subsidiary of the BBC is also helping to ensure that the BBC, as the UK's principal broadcaster, is streamlined

for a new, more competitive era. It avoids the Corporation being marginalised in a multi-channel environment whilst reinforcing the disciplines of competition and the need to adapt rapidly to survive in a harsher economic world. This strategy seems to us to be the most desirable way of exploiting the opportunities created by the new distribution technologies, whilst tempering the globalisation of programme supply and ensuring responsiveness to national tastes and interests.

*Chris Irwin is Chief Executive of BBC World Service Television.*

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to read the signals of the market and not to repress them. Then, we may well see Bishop Berkeley's prophecy finally completed, with the world reaching new heights as it comes full circle, and Australia playing an important part.

*This is an edited version of a paper delivered by Rupert Murdoch at an Asia-Pacific Congress in Sydney on 18 October 1992.*

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However, it might be argued that in some circumstances the same claims may be fairly made for the ethically secret communications of other professionals. Certain communications of other professional groups may also be the privilege of the client (or patient or penitent) rather than of the professional. And the effective operation of a code of professional ethics often serves the ends of the legal system, by promoting its spirit. Should it be possible to delineate circumstances in which these two conditions obtained, it would be hard to see what objections could be made to according legal recognition to professional privilege of professions other than lawyers.

The bottom line, however, is that any protection which is afforded must be protection which serves the end of justice. A code of ethics should not be a shield which prevents a court from having access to information which is crucial to the dispensing of justice in the case before it. Nevertheless, this still leaves a great deal of scope for just recognition of codes of ethics. It should not be beyond the wit of our lawmakers collectively, to devise a system in which the courts are required to obtain from witnesses only that portion of the truth which is necessary to serve the ends of justice.

*Deane Wells is the Attorney General for the State of Queensland.*