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REACH FOR THE STARS
CEO SALARIES AND THE CULTURE OF CELEBRITY
IN WA'S PUBLIC SERVICE

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An open letter to the Treasurer
The Hon. Mr Eric Ripper MLA
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Dear Mr Treasurer

As the title of this long letter suggests, I write to you to about recent salary increases granted to WA's most senior public servants. These increases raise many concerns – not quite enough to fill a book, perhaps, but far too many for a post card or quick email. I hope I have struck a happy middle ground but as you are a very busy man looking after the Treasury and now also helping to defend our fair city from feral federal court decisions, I have provided a convenient summary. For the benefit or other readers, should there be any; the letter is provided with a basic structure that looks like this:

1. Summary
2. Rising stars in Perth
3. Dr Fong, superstar
4. Celebrity and surrender
5. Men's business
6. Less than half a Fong
7. Post script – a happy ending

While I am sure that the earlier sections contain contentious analyses, I am particularly interested in your response to the more practical suggestions I make in the latter sections of the letter - Section 6 in particular. It draws attention to some serious inconsistencies in the State's remuneration policies and identifies some easy remedies. It seems unlikely that you really want to say that our Prime Minister and indeed Premier are only half as valuable to the community as Mr Fong. And you, perhaps, only a third. I don't believe a word of it and either your advice or thinking are a bit awry on this one or you really are all too hard on yourselves.

1. Summary

You will be aware that corporate CEO salary packages have risen spectacularly in recent decades. You are apparently not aware that these rises enjoy no significant connection with job difficulty or performance. Even, your federal counterpart, Mr Costello has recently become worried. Although CEOs in the public sector are paid far less, their salaries are also rising fast and pay structures in the sector are rapidly becoming steeper – see *Rising stars in Perth*. Should we expect better links between pay and performance in the public sector? If not, what does all of this money mean? This letter is intended to suggest a number of the things: that CEOs are paid a great deal; that their ambition can be without limit; and that, taken together, their rewards and insatiable hunger may well, for worse rather than better, register an emerging celebrity culture within the public as well as the private sector – *Dr Fong, superstar*, relates to this point.

Subsequent discussion begins to explain how a culture of celebrity threatens to distort not just salary setting arrangements at the top end but also, the general relationships between CEOs, those they employ and those they work for: ultimately shareholders and citizen/taxpayers. It suggests, in other words, that market and democracy are both at risk. Other than by way of simple gestures (see *Celebrity and surrender*) – these larger arguments cannot be dealt with in a letter, even a long one such as this. I will, however, be publishing further discussion of these issues on the web at www.citizenonline.org late in October.

Meanwhile the balance of this letter also reflects on the deep and long standing gender biases inherited by the culture of celebrity – see *Men's business*. It proposes that one immediate step you could take to relieve the apparently desperate shortage of top notch talent (and the price the state feels compelled to pay for it involves the simple step of treating women with greater respect.

The final sections of the letter deal with practical issues. *Less than half a Fong* takes you at your word when you imply or say that pay should be fairly negotiated and that top pay should go to top performers in the toughest jobs. It further argues that the Prime Minister has the toughest job in the country and that he should, therefore, have the highest salary. Is his pay, at 5 or 6 times average weekly earnings, unfair? If not, then we must deduce that his job is 50 times easier than those of Australia's leading corporate CEOs. This is what comparative salaries tell us. They also, on the same logic, tell us that the PM is less than half of Neil Fong's measure. Even though I don't like John Howard very much, I find all of this hard to believe. Put Alan Carpenter in his place if you'd rather do the exercise with someone you like more. Either way, I offer some practical and, I think, eminently defensible solutions to these anomalies.

The letter's conclusion imagines a world in which the overpaid return their unearned money to the community – and became really famous for doing it! Symmetrical closure and *A happy ending* I call it.

2. Rising stars in Perth

Western Australians are still coming to terms with salary increases awarded to eighty or so of the state's senior public servants in April earlier this year. The pay rises, ranging from 7% to 24%, were awarded by WA's Salary and Allowances Tribunal (SAT). The fattest cats, of course, got the biggest rises - an additional \$66,000 to supplement their previously inadequate \$250,000 salaries. Just a few days ago on September 30th, *The West Australian* complained that the number of public servants in WA earning salaries in excess of \$150,000 had grown by 20% in the past 12 months. But the juggernaut is driven from the top and the big story remains the April SAT determination. In late June *The West* reported that it had unsuccessfully sought a copy of the consultant's report used to make the April determinations, but that the SAT refused to make it available. *The West* appealed to the State's Freedom of Information Office (FOI). Given that the FOI Commissioner did not, herself, as a senior public servant, benefit from the big spend, the outcome will be of more than a little interest. Indeed, along with two other state offices, including the Commissioner of Public Sector Standards, the SAT downgraded the FOI Office. That these offices happen to be occupied by women and that they do the unpopular work of enforcing Government accountability is, of course, pure co-incidence.

The April increases were substantial, and will, as we have seen, both make for a more expensive public service and also fuel a trend towards steeper pay structures in the public service. Nevertheless, you, as Treasurer, were quick to explain and defend them when they were first announced:

I don't want to see our talent poached by smaller, poorer smaller state like South Australia. I want the best talent we can get working in WA, the best management so that we can provide the best services....¹

You failed to mention that managers enforcing government accountability would be exceptions to this policy. We can obviously make do with inferior service there. Leaving that *faux pas* to one side, there is little to suggest that your expectations will be met – that rising pay for those at the top will bring rising talent with it.

Motivational studies, for example, indicate that public sector managers are not primarily interested in money. When asked, they typically signal the pre-eminent importance of professional and moral commitment.² Do you know of this research – and of the neglected resource, the civic and social capital, to which it points? Of course, the picture may be changing as the state's neo-liberal transformation, with your help, continues apace. As the state is progressively corporatised, it will need more commercial and less moral purpose. Along with everything else it entails, corporatisation is likely to mean managers with an increased interest in monetary reward. Perhaps more pay is being offered to attract more commercially oriented managerial talent: the State wants more managers who want more money.³ Obviously, this could not be written up as a formal job requirement so the message is simply telegraphed in the form of rising salaries – or in your comforting kerbside solace.

¹ *West Australian*; April 8, 2006.

² Mak Khojasteh; "Motivating private vs public sector managers"; in *Public Personnel Management* Vol.22; 1993. This article reports the findings of a survey of 362 public and private sector corporate respondents ranging in size from 300 to 2500 employees as follows: "The results of this study indicate that pay has a significantly greater motivational potential for private than for public sector managers. This study strongly supports the finding of....." Khojasteh cites a further 7 studies here.

³ The September 30th story referred to above certainly makes it look that way.

More extensive research in the corporate sector does not promise much either - but for a different reason. There may well be a greater interest in money in the private sector but, unfortunately, it does not always attract the talent or elicit the performance you say you want. Wanting more money for oneself and being an asset to your employer (whether shareholder or taxpayers) appear to be very different things. Indeed, even as a covert selection principle, excessive personal ambition, sometimes called greed, appears to invite all sorts of undesirables. How many scandals does it take to get this message across? In less anecdotal vein, a recent Australian report, *The Bucks Stop Here* (wonderful title, don't you think?) concluded as follows:

The often-stated link between high executive pay and company performance does not exist. Indeed, the evidence is that as an executive's pay increases, the performance of the company often deteriorates. Against three criteria: return on equity, share price change, and change in earnings per share, statistical analysis shows that excessive pay levels actually coincide with a lower bottom line.⁴

You should read this report and make it compulsory reading for senior Treasury officials. I know it was commissioned by the labour movement but you still have a little respect for it don't you? The general pattern revealed by *The Bucks Stop Here* (wonderful title don't you think – or did I say that before?) is hardly unique to Australia. Thus, a study conducted by leading corporate watcher, Graeff Crystal, in the US arrived at similar conclusions. Commencing in 1998, Crystal monitored 180 large corporations over three years and sought to explain CEO pay packages ranging between \$0.7 and \$42 million. Why this extraordinary range? he asked. Was it connected with company size or CEO performance? In his own words:

My study of three year CEO pay showed you can account for only 15% of pay variation based on differences in company size and precisely *zero* percent based on differences in company performance..... *The only explanation for the way they are paid is that compensation committees appear to give them what ever they want....*⁵ (emphasis added)

If, as Crystal implies, economic logic and reason are missing, what is driving CEO and senior management pay upwards? More mysteriously still, why are you so keen to bind yourself and the taxpayers of WA to this apparent unreason? I want to suggest that we are witnessing an emerging, even if still muted, culture of celebrity in the public sector and that you are beginning to fall victim to it. I'm not suggesting that you watch too much sport or too many movies but perhaps you are dealing with too many people who think too highly of themselves - and are taking too much at face value. The crap about pay and performance or money and talent you tell us just cuts no ice.

In the private sector, of course, there can be little doubt about this. Over the past decade or so, corporate managers have been able to sell themselves for more than great movie and sports stars. Indeed, according to the Forbes' website, six of the world's top ten earners for 2005 were corporate CEOs, only three were entertainers and the tenth was golf's superstar, Tiger Woods. George Lucas – as much a business man an entertainer – topped the list just shy of 300 million while Richard Fairbanks (Capital One) and Terry Semel (Yahoo) came in second and third at \$249 and \$230 million respectively. These figures, moreover, were down from the completely lunatic

⁴ See J. Shields et al; *The Bucks Stop Here: Private Sector Executive Remuneration in Australia*; Labour Council of New South Wales; 2003. The same conclusion is also reached in another Australian study conducted by HY Izan, B Sidhu and S Taylor: "Does CEO pay reflect performance?" published in *Corporate Governance*; Jan 1998.

⁵ Graeff Crystal["Little can explain the disparity in salaries of corporate executives"; *Los Angeles Business Journal*; Dec. 9th 2002.

peaks of the most recent share market boom when, according to a special US news feature run in 2002 – *Executive Excess* – Michael Eisner at Disney pulled a cool billion, Larry Ellison at Oracle \$750 million and Steve Jobs at Apple \$400 million.⁶ In 2003 average earnings for the top twenty highest paid CEOs in the US stood at \$105 million. *The Bucks Stop Here* tells us that the comparable figure in Australia for the same year was \$6 million⁷ - a lot less but still 120 times average adult pay. Paul Anderson at the helm of BHP Billiton at the time was considered worth 250 average Australian workers. I bet that felt good.

These relativities and trends in relativities are more important to the understanding of celebrity because of the social distancing they signal. Thus, Lehrer's feature noted above also tells us that in 1970, CEO pay for the top 500 US corporations was 40 times the pay of the average US worker. By 1990 it was 100 times and by 2002 it had reached 500.⁸ The Australian corporate sector exhibits a similar trend towards widening differentiation. Between 1992 and 2002, the average pay of Australia's top four banking executives moved from 22 times to 188 times full-time adult earnings.⁹

If one were to characterise the culture of celebrity in a word or two, Lehrer's choice of "excess" is not a bad place to start. Too much ambition and hype, overstated and oversold achievement on the side of celebrity; a cocktail of excessive expectation, adoration and surrender on the side of the audience or fans. Corporate compensation committees, corporate boards and even the shareholders can share in the excitement of this surrender but shareholders are often hapless victims who lose money and miss out on the buzz. Although Crystal makes no reference to celebrity, his words are deeply resonant here: giving them "whatever they want" is a formula for excess if ever there was one. Don't get me wrong. A bit of abandon and self-surrender can be deeply gratifying from time to time. Successful performance art and entertainment depend on it. Not to mention the more laid back surrender to chemical intoxicants by which a lot of people swear. I think you and I both would have tried and even inhaled. But there's a time and place. In the board or cabinet room, in the minister's office, when you're trying to figure out how good someone is and how much (of someone else's) money to pay them..... that's not a good time or a good place. But is this silliness really beginning to happen in the public sector as well as the private? Or am I just making it all up?

3. Dr Fong, superstar

Another public sector executive salary negotiated by way of individual contract is more revealing than the April SAT determination. I am talking as you know about the salary and contract of the high profile head of the WA Health Department, Dr Neil Fong. While unusual, individually negotiated contracts are not without precedent. But the terms of Fong's contract were unprecedented. He was appointed on an initial salary well in excess of \$500,000 – more than twice as much as his fellow CEOs –

⁶ See Jim Lehrer, www.pbs.org/newshour/bb/business/july-dec02/ceo2. As the names in this paragraph suggest, the big action in the 1990s was in the information-communications-entertainment ("content") triangulation. The economic power and stunning volatility of these industries is also summarised in Nobel Laureate, Joseph Stiglitz's recent book, *The Roaring Nineties*; Allen Lane; London; 2003.

⁷ For Australian data, see J. Shields et al; op cit; 2003.

⁸ "Executive Excess" special feature broadcast on Jim Lehrer's *NewsHour* in 2002. See www.pbs.org/newshour/bb/business/july-dec02/ceo2.

⁹ For Australia's top 4 banks it was 188. See J. Shields et al; op cit; 2003.

and this made him not just WA's, but Australia's most highly paid public servant by a long shot. Some of his fellows in the Health Department were so impressed that they now use his name as a unit of account, reckoning their bigger budgets in "fongs".

More seriously and remarkably, and so that Fong's advantage would not be lost to local "bracket creep", his contract permits him to award himself pay rises within the range of SAT determinations – this year, in the 7% to 24% range noted above. His individual contract is, however, not otherwise subject to the SAT's jurisdiction. This "self-service" clause may have seemed like a good idea in the heat of the moment. The kind of thing you do when hyperventilating after a great victory or catch. Your colleague Jim McGinty, the Minister for Health and other things, has tried to present Fong as the greatest thing since sliced bread when he induced him to move from the private sector and no amount of money, it seems was able to express his gratitude. Anyone with their wits about them would have seen that the "self-serve" principle was not a good idea here. But, of course, that's the big problem with celebrity: it can make you giddy, deprive you of your wits and separate you from your senses just when you need them most. Enter excess, enter sloppy contract, the politically embarrassing..... and I don't need to tell you about that story....

In the weeks following the SAT determination, Fong had to assess himself and to think about his own annual pay rise. We'll never know how much he agonised over his many options. As an acknowledgment of the generous terms of his original employment he could forego any pay increase at all. If he thought he had been short changed, he could help himself to the full 24% - almost an extra \$150,000 – to make good the damage. At the other end of his range of options, he could have said, "pass" and this would have been best for everyone, including Fong himself. Half a million isn't bad on many reckonings – ten time average weekly earnings. Had he "passed", some of the damage done by the original extravagant appointment might have been undone as people concluded that Fong was more politically savvy than his Minister and, not just in-like-Flynn for himself. But this happy scenario was not to be. Fortunately for his Minister, Flynn, I mean Fong, realised he could not take the full 24% but the cookie jar was open and he could not resist taking some. So he took 7%, taking his total salary to well over \$600,000. An unkind person might say that Fong failed his first real test of intelligence and political judgment. He may still, as the Health Minister promises, walk on water. But on April 21st, a grim-faced Jim McGinty interviewed on the ABC was left defending the indefensible, looking decidedly grey and sounding like a lame duck. He was lucky that his ABC interviewer had all of the sharpness of a damp sponge. You probably watched it. What did you think?

As if the self-service debacle was not bad enough, Fong's contract, turned out to be a shocking document in other ways too: despite the unprecedented amount of money involved and despite the self-assessment clauses, it lacked properly enforceable performance indicators. Poor performance attracted no penalties. He wouldn't get the job again at the end of his five year contract if he didn't perform, your McGinty said on TV. Would you tell him that that was very re-assuring. And wouldn't we all like that kind of tough assessment regime? But Fong himself has not really done anything wrong here. The Government of which you are a part, fawned and flattered and threw itself at his feet. What should he have done? Demanded less money and tougher terms? Fong's only mistake here is that he revealed an all-too-human flaw: wanting more and encouraging the fiction was worth every bit of it and more. Outside of Hollywood and sport, celebrity isn't that good for anyone. Let's have a look.

In Fong we see the star's insatiable hunger for reward and recognition and a surrendering audience willing to give without limit or question: "Gee, do what you want, Neil." "Take what you like, Neil." "Just do your best Neil." "Need a new office, Neil?"¹⁰ "No worries, Neil." "Did you say jump, Neil?" Of course, this is caricature, but does it fundamentally misrepresent? Only in one respect. The bigger audience at least can be a moody beast. As quickly and completely as it can surrender, it can become insatiably demanding and murderously unforgiving too – all the more so for its deep surrender in the first place. But Fong is pretty secure here in one respect at least. The taxpayer's bad contract is his good one. CEOs, whether in the public or private sector, are much more streetwise than the sometimes fragile Hollywood celebrities of yesteryear. The latter relied on mercurial love of their fans. CEOs, by contrast have part of the deal, the money if not the love, put in writing. They know how to affect departures as well. Not to storming applause, perhaps, but with water-tight five year terms, generous severance provisions and golden handshakes that often make ordinary folk feel like throwing up as they think about their sweat and toil.¹¹ Do you ever think about this, Mr Ripper? Or does it all just sound like party pooping and the politics of envy to you now? _

To be sure, WA's public service managers, even Fong, look like bit players on the grand corporate stage. But converging aspirations and social position, shared interests and common world views, these things also count for a lot. So do the "little" things – mood, tone, image, appearance. And let's not forget, in Fong's case anyway, the self-service no-fault contract again, the extravagant eulogising and hearty back slapping, the expensive office refits and so on. Lower (than corporate) pay does not necessarily detract from the emerging celebrity status of Fong or, even that of his fellow public sector chief executives. All are on the same steep incline, all are mobilising the same organisational logic: increasing the social distance between them and their subordinates, between them and ordinary citizens. As their pay goes up, they are becoming less like captains in the field and more like kings and occasionally queens.¹²

I did not keep the clipping, but yet another Fong story that broke at the time involved his planned but now abandoned sea-side mansion in one of Perth's most expensive suburbs. You know it but other readers might not. In any case, Fong's future neighbours, all smart enough and rich enough to make trouble, considered it too big and ostentatious. If anyone can judge this matter fairly, the residents of City Beach can. Their benchmark would hardly be a shoebox or worker's cottage. "Real" celebrities may increasingly be global figures but to be a big fish in a little pond is obviously still rich with local significance. In City Beach, Fong wisely chose

¹⁰ Notice of lavish office refits for McGinty and Fong came a few weeks later.

¹¹ Boom town Perth is a repository of illustrative material here and on June 30th *The West Australian* broke stories about redundancy packages paid to former Western Power executives following the recent restructuring of the utility. One senior executive was paid \$906,000 covering redundancy and termination for the "nine months leading up to March 31st Western Power split" and subsequently rehired as a consultant on \$200 an hour. Fortunately, a raised eyebrow from the Auditor General, Mr Des Pearson, put an end to the cosy consultancy arrangement. More significantly, however, the former CEO of Western Power (the beneficiary of an undisclosed payout) was "sure that Mr Pearson would find all the payments were above board because all had been made within proper contractual terms and were authorised by the Western Power Board." Exactly the point: they know how to exit, as well as enter. That the contracts might themselves be morally questionable does not arise as possibility here.

¹² This is a reference to Lewis Lapham's, *The Wish for Kings*, reviewed by Jill Neimark in *Psychology Today*; Vol 28; May-June 1995. _

discretion over scrapping in public and sold up. Too much of the money in City Beach is now retired and growing old.

Differences between leagues and leaders do matter but, in the first instance, it is the difference between a leader and his (occasionally her) fans or followers that counts: how great is the distance between the famous and fawning – and is it increasing? From the point of view of organisational psychology and culture, if not cash, we should be watching Fong and his fellows for the new public sector they may herald. Once again, the orbits are much lower in the public sector but we are still talking about the difference between earth and sky when we compare these new mandarins, these administrative lords to mere lumpens. As the state continues to corporatise, as it imports business principles, organisation and models, can it, in fact, avoid importing the corporate culture of celebrity? To the well-trained eye it may look like hand-me-down celebrity – but it can still put on a show.

Celebrity culture is not always a deliberate creation either. It is sometimes more a matter of cultural drift than of considered strategy. In large measure, too, celebrity roams over not just emotional but subliminal terrain as well. Instinct, intuition and kindred forms of unreason often take precedence over calculation here. Again, this stuff is archaic, ancient cultural memory is at work and we can walk on this turf in our sleep – though, as with sleep-walking, not entirely aware of what we are doing. All the more reason, then, to be on our guard. Don't you think Mr Ripper?

4. Celebrity and surrender

There are, in fact, very good reasons for caution. Our State, all corporatising states for that matter are looking to a spectacular theatre of vanity, of greed and, not least, of the absurd for inspiration, as a model to copy. In the corporate model one man (mostly men, again) is considered responsible for a huge corporate effort and when it works, credited disproportionately with its success. But the labour of men and women just is not related in these ways in large complex organisations. In 2003, at the height of the executive pay frenzy, *The Age* ran a story, *Debunking the myth of the superhero CEO*, that would have lowered temperatures a little if anyone had paid attention. The story was based not on the reflections of a disgruntled outsider but on comments made by a then member of the Telstra Board:

There is the notion of a celebrity chief executive, the idea that the wellbeing of an organisation is wrapped up in getting some sort of superman to run it. That's nonsense... An organisation's success depends on the totality of all the people who work for it and with it, and how effectively they work, not just the guy at the top.¹³

Some more good advice for you here, Mr Treasurer. Corporate celebrity is nonsense – drama, dream and delusion in equal measures. But I would add something more. It is not just a matter of sense or nonsense. The crowd, those who buy tickets – or the shares in this case – want a figure broad-shouldered enough to carry their collective angst, to fulfil their hopes, to hold bad fortune at bay. And all of this must fall to just one. In return, they surrender or partly surrender themselves.¹⁴ In the real world, few

¹³ Charles Macek, a Director of Telstra and Wesfarmers cited in *The Age*; October 4th, 2003.

¹⁴ Here Harvard Business School Professor Rakesh Khurana observed as follows:

In primitive societies much of th[is] sort of notion of leadership began to be transferred into things like the sceptres and the robes that the individuals wear --- you know -- the sort of mask that the shaman or the medicine man would wear. Now, in contemporary form some of that charismatic attribution comes from things like private airplanes, you know, Gulf Stream 5, it comes from well tailored Brioni suits, it

corporate leaders turn out to be saviours but the potential for really serious damage lies not in local disappointment and broken promises. It lies, rather, in the surrender, in celebrity's logic of triumph and surrender.

Celebrity has its own distinctive forms of triumph and surrender and surrender here refers to the loss of those faculties necessary for reasoned, for sometimes critical and for prudent judgment - as necessary to self-preservation as to public interest. Of course the "loss" is usually partial and usually temporary. Even so, it can be severe enough and last for long enough or just make enough background noise to take its toll. My use of the language of "fawning", of "instinct", of "archaic" cultural memory, etc., already signals the shape of the loss. And that same language also anticipates the meaning of triumph in the present context. Thus, the triumphant one, the celebrity lives in a world of diminishing others – others with ever fewer expectations, making ever weaker demands, imposing ever fewer restrictions, asking ever less exacting questions and so on. The celebrity stands to the surrendered as positive to negative impression, as foot to footprint: the former forward and thrusting, the latter void, hollow and vulnerable to the same dangerous degree.

The argument begins there and even though I cannot take it much further in this letter, it is not difficult to see where it might go. I do not need to tell you, Mr Treasurer, that too much giving and too much taking, too much weakness and too much power endanger much of value in liberal democratic societies like our own – starting with democracy itself. Democracy's intimate connections with the culture of critical reason, its need for oppositional dialogue, and for open conversation and fearless argument between equals make this obvious enough. Democracy can't exist in the absence of demanding expectations, searching questions and unyielding dialogue – and celebrity weakens and suppresses on every front here. Democracy is endangered in these very immediate ways. The argument here is that simple. Students become familiar with the nuts and bolt of it in any half way decent beginner's course in political theory. I know, I've taught them for quite a few years. There's also a substantial advanced literature on these matters and North American cultural historians and critics. Leo Braudy, Lewis Lapham, Christopher Lasch, William Leiss and Richard Sennett are all insightful here. For the voices of an older generation see also Vance Packard, JK Galbraith and Jane Jacobs.

But, again, when too much strength meets too much weakness, when reason is compromised and questioning stifled in this way, the risk is not to democracy alone. The market, liberty's most spectacular theatre in our liberal democracy, can also be seriously undermined. Democratic or civic reason may be more obviously demanding and less robust than its economic counterpart but self-interest and prudence nevertheless constitute vulnerable – and underappreciated – forms of reason too. I suspect that significant philosophical and political errors have been made as result of underestimating their importance, complexity and fragility both on the side of their liberal champions and their leftist critics. Together they have created a stark opposition where, perhaps, there is rather more continuity.¹⁵ While that story must be for another time, a tiny beginning may be worth flagging.

comes from that apartment overlooking Central Park.
Feature entitled "Executive Excess" broadcast 2002.
See www.pbs.org/newshour/bb/business/july-dec02/ceo2

¹⁵ Or perhaps, moving concentric circles of concern.

Even if only in underestimated forms, competent self-interest is present in all accounts of working markets. This is base camp. It is everyone's point of theoretical departure beginning with no less an authority than Adam Smith talking about his famous butcher, brewer and baker. In this friendly and familiar passage about the essential ingredients of his dinner, Smith arguably launches modern economic thought as science.¹⁶ If Smith was that smart (and he was), we can also take it that he was rarely cheated by those from whom he bought his food and drink in some 18th century Edinburg High Street. Today, Smith, the discerning shopper, smelling meat and sniffing the beer, re-appears in every economics primer in the abstracted form of the sovereign consumer – said always to be the *best judge* in his or her own case. As Smith would have claimed to be. And this "*best judgement*" is the thing, the linchpin here. If, as I am suggesting, celebrity culture disrupts this judgment, the capacity for it and the reasoning faculties underpinning it, then celebrity also undoes sovereignty in the market and ultimately the market as well.

Despite Smith's legacy, liberal economic theory and especially neo-liberal economic theory has been deeply ambivalent about the market's foundation in good judgement and sound reason. It has increasingly shifted quite improperly, if not also dishonestly, between two very different understandings of consumer sovereignty. Sometimes the consumer's sovereignty is construed as if it embraces and empirically warrants the content of his or her judgements. Thus: "I am, as a matter of verifiable, demonstrable fact, the best judge of my own interests – or a better judge of my interests than anyone else." Unfortunately these claims just don't stand up to scrutiny to meaningful empirical testing. For a start, real life consumers make many decisions they themselves sooner or later regret. There are also many ways in which consumer judgment can be undermined and, indeed, I am here arguing that celebrity provides us with a further example. The most telling counter evidence, however, relates to the undeniable fact that making good judgements (whether as citizens or consumers) is something we learn, making many mistakes in very long apprenticeships that begin long before we go shopping on our own.

When this empirical account is shown to fail, however, many liberals, and again especially neo-liberals, simply shift ground and register the principle of consumer sovereignty as a political or ethical claim instead. Then, the claim to sovereign status amounts to something different: "no-one should be allowed to judge on my behalf or deprive me of my right to choose freely." The assumption made by more simple minded liberalism is that we somehow arrive in the world as fully-formed sovereign beings in the relevant sense, never to be undone. Made in this way, the claim lacks empirical content and, in aggressive versions, the sovereign consumer claims the right or freedom to act imprudently, foolishly or even self-destructively.

Sensible communities impose limits here – and neo-liberals chafe or froth at the moth about the nanny state. But many states sadly, are doing their bidding and dismantling even the developmental protections needed by children. In Tony Abbot's famous fast food advertising case, just refusing them. According to this account sovereignty not only lacks empirical content, it has no intrinsic connection with reason, judgement or

¹⁶ Give me that which I want and you shall have this which you want it is in this manner that we obtain from one another the far greater part of those good offices which we stand in need of. It is not from the benevolence of the butcher, the brewer or the baker that we expect our dinner, but from their regard to their own interest. Adam Smith, op.cit. p27.

reliable self-interest at all. The major point, I want to make here, however, is not the character of this account; it is the shifting from one account to the other. This is a huge and hugely consequential leap – although that does not mean that it cannot be done. It can. But what one cannot do – and this is the dishonesty – is to live in both of these places, hold to both of these accounts at once or some how shuffle opportunistically between them.

Economic liberalism has for long shuffled uneasily here but, in recent years, neo-liberals have perfected the dance. Indeed, the shuffle has become a quickstep. So, today, a great deal of economic argument dances with the most accomplished dexterity on the line that separates the empirical account of consumer sovereignty from one constructed as ethical imperative. In effect this quickstepping or fast talking offers mastery in a craft in which no-one can make mistakes; or a chance to score 100% in an test in which there are no wrong answers... there is no test. Well, hello, it can't be done – but the offer is so, so, seductive. Dare I say that you, along with many others, have been seduced, Mr Treasurer. You're happy and self-assured, however, only because you have mistaken a quick shuffle, a mere pea and thimble trick, for grave and serious science. Whether that is so or not, the madness induced by celebrity just slips in under your guard right here at this point. In this mad theatre, when the cheques and self-service contracts and golden handshakes are flying, everyone becomes that consumer, that trader that employer who knows best but cannot be tested, can score a 100% even in the absence of a test.

Surely, a Treasurer could not make so basic a mistake. After all, you consult a lot of clever people. And these people are not just anybody either. They are seriously schooled and seriously moneyed people going about serious business, consulting seriously expensive experts and cutting deals running to the hundred of millions if not billions over lunch. They are clever enough to be running the world – and they are. Their collective wisdom and yours is a lot. But, you know, wisdom and mutual reassurance are not the same. Being on the same page may inspire confidence, but like a show of hands, it does not make the truth. Some of the rich believe their idiotic lines too, but the brightest laugh at you and your one time party of social democracy all the way to the bank. Not only do they not care about you or the people of WA, they don't even care about the market as an orderly and durable institution. They care only about competitive advantage in the market secured by any means....and I mean any means.

I could cite corporate malpractice and criminality by the truckload here but somehow it seems more compelling to refer you to the grand master of your Department's craft again, to Adam Smith, that is:

Commerce, which ought naturally to be among nations, as among individuals, a bond of union and friendship, has become the most fertile source of discord and animosity. The capricious ambition of kings and ministers has not during the present and preceding century been more fatal to the repose of Europe than the impertinent jealousies of merchants and manufacturers..... But the mean rapacity, the monopolising spirit of merchants and manufacturers, who neither are nor ought to be the rulers of mankind, though it cannot perhaps be corrected, may very easily be prevented from disturbing the tranquillity of any body but themselves.

Let me paraphrase. Those who scramble for competitive advantage without restraint not only wreck commerce in the long term, they transform it from a wellspring of peace into a cause of war. Is more radical subversion possible? And how do they bring about this subversion? By using the state to support and magnify their

incorrigibly “mean rapacity” and “monopolising spirits”. What does Smith say on this question of their relationship to the state again? They “neither are nor ought to be the rulers of mankind...” And his easy solution is essentially this: maintain a state that will not aid and abet the quest for unrestrained competitive advantage. Are you aware, Mr Treasurer, that your government, in the company of many others to be sure, is doing this, lending if not giving over the power and authority of the state to a destructive exercise proscribed by no less an authority than Adam Smith? Of course, maintaining the integrity of markets and restricting monopoly in the 18th century presents different challenges to those that confront economic policy makers in today’s globalising market order. But in both worlds, the basic principle is the same: limit excessive concentrations of power and excessive weakness however they are brought about. They invite monopoly and rape that in turn prepares the ground for more of the same. They rupture the tissue of civilised exchange, the authentic, considered, prudential and ultimately respectful bargaining of which it is made. Celebrity culture, the corporate appropriation of that culture and the excesses it generates take their destructive place here.

Nor is this an accident. Although fame is its own institution with its own story, wonderfully told by Leo Braudy,¹⁷ it has been cultivated and appropriated by unaccountable power for most of its 2,500 year life. It provided unaccountable power with crucial means for self-representation, display and legitimation as it despotically directed the lives over which it ruled.¹⁸ The larger story of fame’s association with despotic power, Braudy ventures, begins with Alexander the Great and is repeated in various forms until modernity dawns. That is to say, until first knowledge, then economic and, finally, political life began to break away from or with despotic power and authority. It is not an accident that the revolutions¹⁹ involved here, and the modernity they define have also been referred to as Ages of Reason and Enlightenment. This is the reason and this is the light that is supposed informs the market and the democratic state. But the more important point here is this: the emotional, political and cultural cast of fame is pre-modern – at once inclined towards the irrational²⁰ and the counter-democratic and at least uncomfortably disposed towards modern market exchange.

It is not yet clear where we are now, two or three centuries later, in a globalising post-enlightenment, post-modern and neo-liberal world.²¹ It seems worthy of remark, however, that (post?)modern celebrity,²² has again been conspicuously targeted for

¹⁷ Leo Braudy; *The Frenzy of Renown: Fame and its History*; OUP; Oxford, 1986.

¹⁸ Jurgen Habermas; *The Structural Transformation of the Public Sphere*; Polity Press; Great Britain; 1989; Chapter 1.

¹⁹ The references here are obviously to the western scientific, economic (commercial and later industrial) and political (democratic) revolutions of the period.

²⁰ The anti-scientific character of what I have called celebrity culture has been intensively studied by Frank Furedi in a large number of books and articles. In *The Age of Unreason* he notes: “Celebrities, healers and new age gurus transmit the message that normal human beings cannot do it on their own. To this day I am astonished when I hear that sensible, biologically mature adults allow themselves to be treated as if they were incompetent dimwits by a new army of professional surrogate parents. In days of old, traditional authority figures, like priests, instructed us how to behave in public and told us which rules to observe. Today’s experts are even freer with their advice. They do not simply tell us what to do and think...” www.frankfuredi.com/articles/unreason-20051118.shtml . Furedi’s books include *Where Have All the Intellectuals Gone?* and *Culture of Fear*.

²¹ How curious that everything is superseded – post this, post that, post the other – and only liberalism renewed?

²² Also a word first used in the 18th Century.

appropriation by unaccountable power. Not absolute monarchs or feudal princes this time, but the global or transnational business corporation and its hapless sidekick, the corporatising state. (That's the sleek new vehicle you help to drive, Mr Treasurer.) Like or, indeed, more so than unaccountable power of old, these new powers face legitimation challenges.²³ So why should these new unaccountable powers not go to the same old book of tricks? After all, fame was a helpful ally for thousands of years. Can its contemporary counterpart, celebrity that is, work as well today? Might we soon find ourselves in a post-democratic as well as a postmodern world too? We will have to wait and see.²⁴ What I am suggesting here is that the damage done to democracy may not just be fallout - not just an unintended consequence of corporate celebrity culture. Nor, on the other hand, am I making a case for global conspiracy. Damage to democracy - and to markets - is the result, rather, of well-organised efforts on the part of transnational business corporations to maintain and extend their separate spheres of operation. Given their everyday power and reach, the degree of integration they achieve as a matter of their routine business operations already packs a powerful punch. The connections and networks are part of the standard corporate fit out today.²⁵

There is another constant that warrants comment as well, Mr Treasurer. One that exists independently of and yet gives unaccountable power today not just its long association with fame but also its often hard and brutal edge. Yes, I am talking about its enduring masculinity. There is more to worry about than market and democracy as we look celebrity in the eye. There is this ancient, persistent and costly inequality of gender as well. I want to reflect briefly on this matter below - partly because its remedy seems within easier reach of national or state policy making capacity today. On the face of it, unaccountable power today has fewer reasons for excluding women than it did yesterday. That it continues to do so anyway be the ultimate evidence of its intense and brittle irrationality.

²³ Because they inhabit a world filled with modernity's democratic promise if not its realisation. Democracy "does not provide a very plausible description of how things are in the world today. But it has become the reigning conception ... of how they ought to be." See John Dunn (ed); *Democracy: The Unfinished Journey*; OUP; 1992; Preface.

²⁴ A first step is always to contest or confuse what we might call the democratic project on philosophical grounds. See Honi Fern Haber; *Beyond Postmodern Politics - Lyotard, Rorty, Foucault*; Routledge, New York; 1994; and Chantal Mouffe; *The Democratic Paradox*; Verso, London, 2000.

²⁵ Jeff Faux has taken this argument a stage further. He refers here to the world of networking global bureaucrats (especially in the finance sector) who, while escaping from traditional political constraints imposed by (sometimes) democratic government move ever more closely into the corporate sphere of influence saturated with the highest tech. information and communications technology. Linked by common backgrounds and interests, as well routine mutual back scratching and job swapping, they feel good and work well together constructing often concealed arrangements for world government that favour capital and that care for or consult ordinary people as little as possible. See *The Global Class War*; John Wiley and Sons; New Jersey; 2006; Chapter 8.

5. Men's business

In his wonderful history of fame, *The Frenzy of Renown*, Leo Braudy refers to the Latin title, *pater patriae* conferred on great or famous Romans. It was famously conferred on Cicero, one of the greats of the Republican Rome in the 1st Century BC and it means, Braudy further tells us, “father of his country”...the “similarity of the Latin words inviting a spiritual connection between the concepts”.²⁶ The Romans, in other words, thought not just that their families but also their country stood in need of fatherly firmness and protection and they conferred honour on those with enough paternal strength and authority in them to encompass Rome in its entirety. But the despotic powers of the *pater*, of ordinary fatherhood provided the model. The nucleus of power and honour and fame was itself masculine - a point sufficiently important to inscribe in Latin's hugely influential lexicon. And of course, this habit of identifying the male with power and vice versa was hardly peculiar to the Romans.

And the exception proves the rule: when the Athenians broke with this model of the state a half a millennium earlier and briefly created²⁷ a new form of power in their city state or *polis*, they were conducting the world's first experiments in what one might call the civilising of power. Remarkably, and long before Cicero was honoured with his title, they experimented with constitutionalism and democratic conversation. For the first time a form of power was created that was not simply an enlarged version of the *oikosdespot*, household head or in Rome, the *pater*. That was the only exception. But it was also just a partial exception: the civilising of power and democratisation it implied only went some of the distance. The *polis* remained a men's club. That is to say, only male household heads need apply. Once granted entry, they could become one of a *brotherhood* of citizens. Slaves and merchants, the businessmen of our time, not to mention women, could not belong. Nor could they as a consequence, become famous. As elsewhere, to become famous in Athens, one had to be involved if not in the peace-time affairs of the state, then in the military, the priesthood or otherwise in the business of learning and writing. And a woman's place was in the *oikos*²⁸ along with the children and slaves.

Power, masculine power, even if differently configured at different times, has been a constant in fame's 2,500+ year story. The advent of modernity – of the new science, of religious reformation, of European imperial expansion, and of commercial followed by industrial revolutions – in the 400 or 500 year run up to the 20th century changed fame's social geography feature by feature. Merchants bankers and then industrialists, slaves and then freed slaves and serfs who had become wage labourers broke through ancient constraints and even the Athenian experiment was taken up again with a new vigour. But for women things did not change appreciably: power and fame remained men's business. The guard had certainly changed, but the guards were still men.

Certainly the equation of maleness with power and the capacity to rule has been subjected to increasingly sustained challenge for quite a long time, on some accounts, since 1790s.²⁹ But more than two centuries of argument and long periods of militant agitation have been insufficient to overturn it. Many gains have been made but men

²⁶ Cicero was the first Roman to be honoured in this way. See Leo Braudy; op cit; 1986; p77.

²⁷ It was all over by late 4th century. See A H M Jones, *Athenian Democracy*, Basil Blackwell, London 1957 and M I Finley, *The Ancient Greeks*, Penguin Books, Middlesex 1963.

²⁸ Also one of the roots of our modern term “economy” - derived from *oikos* and *nomos* meaning household and rule or management.

have hung on at very top with remarkable tenacity and success. Thus, when we turn to the world of corporate and new public sector CEOs right here at home, today, we continue to find ourselves in male dominated realms, in brotherhoods or fraternities. Still in the midst of patriotic fathers and executives, in the midst not just of surviving despotisms but of distressingly vigorous new growth wearing pinstriped suits.

And it is not “masculine women and feminine men”³⁰ who tell us this. Thus, in a speech given at a “Women and Management Dinner” hosted by the Melbourne Business School earlier this year, special guest speaker Carol Schwartz expressed her dismay concerning the abysmally low rates of female participation in senior management, noting that “women only account for 8.2 % of board positions and 5% of executive positions in ASX 200 companies.” Who is Carol Schwarz? She is, according to an official report:

the Director of Highpoint Property Group, Chairperson of Industry Superannuation Property Trust (ISPT) In April 2003 Carol was awarded the Centenary Medal and... in 2006, the Member of the Order of Australia for her business achievements and contributions to the community and arts. In addition to her impressive list of credentials and achievements, Carol is also a mother of four... Throughout her career journey, Carol has always asked: “Where are all the female graduates – why are they not represented at senior levels in business? “Today’s women are equal to their male counterparts in education, experience and skill” she says.

The speech itself identifies 3 key factors that account for the astonishing low participation rates of women in senior management. The first refers to poor work place support and policy failure while the second, notes the predictable and shameful “the old boy’s network”. But the third is, perhaps the most interesting: Australians still “seem to be struggling with the concept of women as leaders, both in politics as well as in corporate life”.³¹ Now there’s a sentiment with an impressive pedigree. All the way from the Athenian polis and Cicero’s Rome – never mind before.

Limited data from WA’s public service suggests a similar picture. Thus women, for example, make up just one quarter of WA’s 364 senior executive service officers while making up three quarters of the lowest and most numerous tier.³² And their representation gets thinner as one rises higher. To be sure, 24% sounds better, but the definitions of executive management are likely to quite different in the private sector. I suspect that if one counted Public Sector CEOs alone, the percentage of females would not greatly exceed the corporate sector’s 8%.³³

Even at the very top, women occupy positions that are not only inferior but are also soft targets when the auditors and “experts” move in. What are these positions? As we have seen, they are the jobs in which fathers and brotherhoods of fathers are held

²⁹ Democratic revolutionary ferment; also Mary Wollstonecraft’s *A Vindication of the Right of Woman* was published in 1792.

³⁰ Title of song by E. Leslie and J.V Monaco; wonderfully recorded by Margaret Roadknight.

³¹ All references to the Schwartz speech can be found at

<http://www.mbs.edu/index.cfm?objectid=38B3393C-D60E-CDD8-82974A4052FE3E17>

³² Women make up just 24% of the State Government’s Senior Executive Service (the top two salary bands): 87, as against 277 males. This is despite the fact that women make up 64% of the State’s total public sector workforce of some 125,000. Predictably women, under-represented at the top, are over-represented at the bottom; making up some 75% of those on the lowest salary classification. Women employed on fixed term contracts or casually also outnumber men by three to one (24,000 of 32,000). Data is for 2005. See (WA) Department of Premier and Cabinet: www.dpc.wa.gov.au .

³³ My attempts to get more focussed information from the Department of Premier and Cabinet over the phone proved fruitless.

to account. And there is high tension if not outright contradiction here. The *pater's* authority is despotic and supreme – one cannot answer back to the father, he cannot be held to account. But, but, but now we live in a democracy and a land of equal opportunity. So there must at least be show. So, so, so let's put on a real show, let's put women in charge here – we can pay them less and then cut their salaries later to make sure everyone knows what's what, that a man's world is a man's world. No-one will say such things out loud unless they're half-drunk and loose-lipped in a bar somewhere. But the objective structures and scientific formulae that pick talent and “expertly” determine its value tell their own deadly earnest and sober story anyway.

To be sure, women today are usually allowed to compete for top jobs, but any woman seeking entry to the elite brotherhood must prove not just that she is clever or talented enough. She must also prove that she has overcome the traditional “handicaps” of womanhood – being too kind, compassionate, tender, empathic, tolerant, forgiving, conciliatory, etc – but without ceasing to be a woman. Obviously this is a harder thing to do than being a man and swinging your dick and so women will fail much more often than men – or, more often still, one suspects, simply not bother trying.

The impossible androgyny of women's power dress provides vivid illustration of the impossibly schizoid demands made on women – the dark suit with its manly padding but still tailored to flatter the contours of the female form. Of course, men's clothes are elaborately iconic and bear symbolic meaning of rank and power too – but not in so tortured a way. A double act is not required here. When you apply for a top job or promotion, you try to create the impression that you have the requisite manly qualities, the right stuff. You may or may not have it; you may have it but fail to communicate the fact well. But in terms of gender identity, you only have to juggle a single ball or should I say two. Women have to show that they have the right stuff while at the same time showing that they do and don't have the wrong stuff. Does that still make sense? If not, the next bit is straightforward enough: I have been in enough work places for long enough to know that there are as many very smart and capable women about as there are men – if not more. Their under-representation in senior ranks has nothing to do with talent. It has a lot to do, however, with our inherited and gendered definitions of leadership, power and fame that come to us bearing the cultural weight of millennia. These definitions confer advantages that some do not deserve on merit grounds.... but will not relinquish either. The culture of celebrity hinders scrutiny, helps to conceal and generally mystifies some sad and embarrassing realities here.

The exclusion of women also has a more mundane economic meaning. It helps to engineer scarcity. In so doing, it strengthens the bargaining power of “great (male) talent” and inflates its price. Great if you're a man at or close to the top. But the rest of us, not just women, would benefit if male privilege and monopoly were scrapped, if the pool of talent were quickly doubled by allowing women in – and its price fell as the laws of supply and demand did their thing. Wouldn't it be cheaper and smarter to set about solving these problems in a determined way rather than letting the super-CEO myth run on..... pretending that you have to search beyond the known universe for your star or that a Fong is a once in life time opportunity for which no price is too great to pay? No need to answer that question anymore. So what follows? Simple enough: let women in and watch celebrity for the additional obstacles it might create.

Having struck a more practical chord here I would like to stay with it – and conclude with few more positive and practical suggestions. The first develops a strategy or formula for managing public sector salaries that provides a degree of immunity from the madness of the corporate sector. For reasons that will become apparent in a moment, I call it the PMFF or Prime Minister First Formula. It is intended, not least, to rectify a currently absurd state of affairs: measured by their salary scales John Howard is worth less than half a Fong! Likewise our Premier. That's a bit over the top, isn't it, Neil? My second suggestion – an appeal, really – is addressed directly to our senior public sector managers, Fong and others. It tells of something they could do themselves, as the exceptional individuals they are, while waiting for the State to implement my PMFF.

6. Less than half a Fong

Financially speaking, the suggestion I want to make here, Mr Treasurer, is modest. I want to start by urging that we take our cue not from the corporate sector but from parliamentary salaries. And what we see in the first place, is not how woefully elected officials have fallen behind, but how indecently and unreasonably the private sector has raced ahead. For those who must pay, celebrity culture is a big and bottomless black hole and clearly those who reach this point have surrendered some of their senses at least. But suppose you have not reached this point – suppose you are still just flirting with this world. Why would you do more than have a quick look and run? Why would you look into this dark vortex where anything goes, where benchmarks or standards do not exist? So let's not even visit the black hole. Let's take the salaries of MPs and Ministers as our yardsticks and measure of all things.

So what have Parliamentary and Ministerial salaries got going for them in this regard? First, the salary bargain struck between citizens and elected officials appears to be considerably more balanced than the one struck between shareholders and CEOs. Australian MPs generally receive a bit more than twice average weekly earnings,³⁴ Ministers three to four times and the PM and Premiers a little more than five, and headed towards six times. We can immediately see that these salary deals are less given to madness.³⁵

The bargaining and dealing is itself also less easily derailed than the dealing that takes place between the shareholders of corporations and their celebrity managers. The PM, again, gets a bit more than *five* times average weekly earnings; in corporate Australia, this five soars to *120* or even to *250*, at the very top. And to again confirm the utterly unhinged and completely uncontrolled nature of this process, its character as a black hole, it has hit *500* in the US. While this number has fallen a little in recent years, there is nothing to stop the longer term upward trend either. The people as citizens appear, sometimes at least, to be more vigilant than the people as property owners or shareholders – an observation that runs deeply counter to received liberal wisdom.³⁶ The people's sovereignty may be in all sorts of trouble but, as citizens in a

³⁴ Slight variations across states but, on average, a little more than \$50,000 pa or \$1,000 per week.

³⁵ I know, of course, that bargaining for MP salaries is done at one remove (through agencies such as SAT) but it remains a bargaining process nonetheless. And one senses that everyone gets an equal ongoing say in the process.

³⁶ It is a liberal article of faith that only privately owned property is properly cared for – by its owners. Lacking real individual owners, public property, allegedly, is not.

democracy, it seems that they lose their heads and surrender their senses less easily than shareholders or stock owners. Holders of high political office, elected officials at least, are, unlike their corporate counterparts, suitably checked and countered by sovereign “consumers” (taxpaying citizens) who have their wits about them.

The West Australian's coverage of the State's recent public sector pay rise illustrates public vigilance well. To be sure, this provincial daily newspaper has its own conservative axe to grind. But it does sometimes also reflect public opinion. The citizens of WA demand value for their money from those holding high political office much more than they expect it from high office holders in the private sector – not least because the press here actively discourages the same kind of scrutiny. *The West Australian* for example, is constitutionally incapable of recognising excess in the private sector. At the same time, political leaders, because of their controlled salaries, have reduced means for show and spectacle and recent provision for tax payer funding of elections is an excellent thing in this regard.

The circumstances of public sector CEOs are slightly different. They are less exposed than are elected politicians to the public's gaze and they are, with the help of their secretive, but laughable Salaries and Allowances Tribunal, taking advantage of it. That's why, ludicrously, they often get twice as much as their Ministers. The lack of direct scrutiny also explains why Fong gets three times as much as his Minister and more than twice as much as his Premier or the PM. Perhaps he is willing to stand up and say that he is twice the man, performs twice as well as the PM. We should also ask John Howard what he thinks of that proposition. Or Alan Carpenter for that matter. Why are these questions never asked? Why is the state's democratic heart permitting this constant abuse and degradation of itself? It's almost as though the corporatisers are giving it to our politicians up the rear end and the latter can now only gasp and pant for more... And of course, why would highly paid journalists, even those working for ABC, want to lead any inquiry here. The highly paid have an unspoken pact with one another – and the plebs never get to ask.³⁷

All of that said, the theatre of celebrity has an obvious and long established role in politics as well as in big business but citizens in modern democracies are in still in good enough shape to tolerate less of this hype: the demand for equality has much greater leverage in the public realm and more again in those parts of it visible to the citizen's gaze. So while Fong may be well be ahead of Carpenter or Howard, he is way, way behind our dreamboat private sector CEOs. Our Labor politicians, at least, should be searching for ways to extend democratic leverage into the world of business. Instead, tragically, they do the opposite; they now work only at weakening it, at shortening democratic levers: by corporatising, by exposing the state to the perverse disciplines and abuses of business, by setting it in blind pursuit of corporate madness and searching for bench marks in the black hole. And this theatre goes under the dignified and pretentious name of the “third way”. One would laugh if it were not so sad.

Some of us, admittedly on the left, would like citizens to be tougher still but, even as matters currently stand, their vigilance gives public sector salaries a much greater integrity than their private sector counterparts. Indeed, if one pauses to think about it seriously, then the deal (between citizens and the state's elected officials) has

³⁷ Even average Australians, like policemen in WA at the moment, are exhausted by the fight for a few extra dollars because starting salaries are \$10,000 or more below average earnings.

integrity even in the market's own terms. Two tough capable and opposing interests are bargaining: one side wants good public service, wants its money spent well; and the other wants generous private reward. The real point here, however, is that the public sector incorporates a high integrity citizen-monitored salary determining processes, so why look elsewhere for benchmarks or standards. And why, of all places, look to a black hole?

Pay levels and structures in the public service do not need to appeal to the outside world – certainly not to processes ultimately led or driven by the insane dynamism of celebrity culture. The public sector can decide internally, in a field of its own creation defined by outcomes that are at once sensible, highly visible, thoroughly scrutinised, widely endorsed and working.³⁸ Of course, our existing parliamentarians and ministers could say that the process is not working; that they themselves are inferior candidates attracted by inferior money; and that they would immediately be replaced by others who were two or three times as talented if salaries were doubled or tripled. They would not say this – and, if I can be kind for a moment, it would not be true if they did. There are, in fact, many more very talented people who would be willing to work creatively and hard for twice and three times average earnings in politics as they do elsewhere if other things were equal. Far more than are needed. If not enough are stepping forward then this is almost certainly better explained in terms of the decline of parliamentary politics accelerated in recent decades by the corporatisation of its executive as well. They can see what's happening and they want care for their rear ends.

But let's stay with the question of money for the moment. If average weekly earnings³⁹ support a good standard of living – and I have personally found that they do – then two, or five or perhaps ten times this level describes a terrain of difference that most people will continue to find both intelligible and acceptable. As one moves to income differentials beyond this, however, incomes become *absurdly, unbelievably, incredibly, unreasonably* or *insanely* high. I italicise these words here not to create the impression of special authority but because ordinary people frequently use these and other sometimes less polite words like them to communicate utter unacceptability. They almost certainly give reliable voice to ordinary or average moral sensibilities as they apply to these questions. There are much worse guides than this – and, in a democracy, not many that are better. Some well-designed survey work tethered not to fantasy, but to people's sense of workplace worth and value would be interesting here. But that is also a matter for another day.

For now, let's consider just our major leaders, indeed just the Prime Minister, again, is enough to make the basic case. Whatever we may think of John Howard politically or personally, the office of the PM is a very demanding one and he works hard at it. Indeed, his is the toughest job in the country on many, many, measures. How, for example, can managing even our largest corporations be a more difficult job than running the country? To be sure, the CEOs of such companies are attending to the financial interests of sometimes millions of shareholders. But they are not, like the Prime Minister, globally responsible for the well being of 20 million citizens. They are not managing the nation's economy, maintaining its health, safeguarding its

³⁸ That is a conservative argument not just financially, but politically as well. It should enjoy the support of political conservatives - are there any left?

³⁹ Although there is variability these can be two, three and even four times the level of social security income support – supposedly enough to survive.

natural environment, investing in its education, securing it against outside threat, and so on. Can there really be any argument here? Perhaps, Mr Howard and other ex-PMs still with us could be asked for their opinions on this question as well.

If, and let's talk about the office rather than the man now, the PM's job is the toughest in the country, shouldn't the job of PM be the highest paid in Australia? All of those who insist in principle on the importance of rewarding merit, of linking pay to challenge and performance, would be on side. Only a few old Marxists and the odd Christian still believe that income and access to material resources should have more to do with need than merit. Do any still exist? So the conclusion is clear: by virtual consensus, the PM's job should be the highest paid in the land. We know, of course, that this is not presently the case. Indeed, it is far from being the case. Roughly, and using 2001-02 data again, it looks as if Australia's 20 highest paid executives were earning between six and fifty times as much as the Prime Minister in terms of their cash remuneration.⁴⁰ Are they overpaid? Or is the PM underpaid?

Anyone for multiplying the PM's pay by fifty? How about five or six? I see no hands raised. But, so that we don't get bogged down in less important detail, let's double it – so that the PM is not, ridiculously, presented as half a Fong. Let's pay the PM \$600,000. “What about Fong?” I hear you ask. We could commission the SAT to assign Fong his proper place using their secretive but “widely recognised” job valuation method. If the method contains more reason and less madness, Fong will end up with less than the PM. Anyway, with an agreed starting point (the PM's now statelier \$600,000) and the SAT's method, we could “expertly” assign proper salaries to every public sector job in the country unimpeded by any serious political or technical problems.

Why will this proposition generate only laughter and derision? Because we are not really talking about “expertise” or science or reason here. Give us a break, Mr Ripper. We're talking about established positions built on power and greed; we're talking about holding on to whatever you've got for dear life and taking whatever more you can get away with. And then, on top of that we are talking about creating a show tribunal to make determinations on the basis of secret formulae and pseudo science. We're not all idiots, Mr Treasurer. Science often makes power but, power alone never made a scientific truth. It can, create the illusion – as celebrity can create the illusion of super competence – but if power is all that there is to it, it never lasts.

⁴⁰ The PM's salary is approximately \$260,000 pa. (Most of the top 20 private sector CEOs also owned shares valued in excess of \$1 million and share options worth a further \$5 million. See J. Shields et al; *op cit*; 2003.)

7. A happy ending

You may tell us, Mr Ripper, that the total cost of the April 7th executive pay rises to WA's taxpayers is a puny \$1.5 million. Can so small an amount support so much anguish and argument? To this I say that the story is about income inequalities more generally and about arguments and cultural practices that help to make or justify them. So the general themes are big, if not the amounts of money. But let's conclude specifically, locally and on a brighter note anyway. Let's, just for a tiny indulgent moment believe in the possibility of generosity, far-sightedness and big spirit. I think these would qualify as Australian values. So I'm not imagining the ridiculous. I am of course suggesting that we imagine an Australian elite, and not just ordinary Australians, sharing these values. That may be far-fetched.

Though small, small change in terms of the State's total budget, \$1.5 million could probably buy an additional 2 weeks of respite care each year for 500 exhausted and often elderly parents caring for children with profound disabilities at home. You have to be closely acquainted with the world of disability to appreciate the value that is added to lives in this way. The money could do as much or more by financing the recurrent costs of a couple of modest primary health care clinics in remote aboriginal settlements far from well provided for. No need to go overseas to find our third world causes – we have them right here at home. Despite pressing, pressing need, those holding high office will shrug or laugh – in private or in each others refurbished offices at least. I sincerely hope you are not one of them Mr Treasurer.

There is also a counter-argument. What will this money buy when added to the salaries of those already earning between \$250,000 and \$500,000 pa? A home on the beach front if they haven't yet made it? Another investment property or a few more shares? Or just those little elite pleasures in more forms than you can poke a stick or your gold card at? Why isn't this more ridiculous and laughable than respite care or a clinic? It is of course – but it's also solidly real in a way that the respite centre or clinic is not. The latter are just imagined possibilities – like the generosity that might have given rise to them. And the money that might have financed them has already gone into servicing mortgages on beachside mansions or debt on maxed-out credit cards. And it has gone largely unquestioned and uncontested by those who can, at best, plead. That's why they can laugh over there.

Call it tall poppy syndrome or just the plain politics of envy. But there is, perhaps, a more powerful argument that can be made here – one that engages with the symbolic rather than the cash value of inequality. Imagine how the community would respond if its most senior public servants collectively refused their latest pay increases. Imagine if they had said: "We've got plenty. Use the money for a respite centre or clinic, spend it on something more worthwhile than our pitch for prestige and position, our very well accommodated selves. We really do have enough." Now there's a dirty word for you.... that "e" word.

Those enjoying a bit more rest and respite or primary health care would send thank you cards. Some might even weep with gratitude. But far, far, outweighing this would be the impact on the hundreds of thousands, perhaps millions, both near and far watching and witnessing this extraordinary spectacle of selflessness. What effect might it have on declining faith in government and political leadership? On disillusion with democracy, not to say human nature? Such an act would represent stunning and

stunningly unexpected moral leadership. It could have miraculous effects on the community's cohesiveness and work wonders for its declining stocks of social capital. It might even secure those giving such a little, but watched incredulously by so many, a place in history. Who knows, it might even make them famous.

Pass on this message for me, Mr Treasurer, and I look forward to your reply.

Yours sincerely

Peter Vintila
Citizenonline
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