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**Power:
Where it comes from, where it's sitting,
what it's good for**

Communities in Control Conference
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Presentation by

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Thank you Joe and good morning Ladies and Gentlemen.

It's a tremendous privilege to be here today, to be invited to speak at the pre-eminent event for the community sector in Australia.

I'm particularly thrilled that you've chosen such a fascinating and important topic to explore over the course of the next couple of days: power.

Can I begin by asking you a question. Has anybody here seen the musical *Keating*? When I started to think about what I'd talk about this morning the first thing that came to my mind was that wonderful satirical sketch of John Howard marching up and down in his green and gold jersey. "Power, I want power. I want to smell my own ambition and flower."

For those of you who haven't seen it I really recommend [jumping on YouTube](#) and just taking some time to look at that sketch and listen to the words carefully because it is a very clever insight into the aura and the pitfalls of power.

I'll be a bit more serious than that for most of my discussion this morning but I hope I can be half as entertaining.

What I'd like to do is take a very broad brush approach to the idea of power. I'll be intentionally broad and I'll draw on a wide range of historical examples. What I'm trying to do is set the scene for your discussion for the next two days.

I'd like to cover four broad themes surrounding power. I'll outline where power comes from. What is it that enables the powerful to exert control over the disempowered? And how have the various sources of power changed in Australia over time?

Secondly, I'd like to talk about how much power we might possess as individuals. That's not a simple story. In some ways we've become far more powerful as individuals over the past generation or so. But in other ways, quite fundamental ways, power is drained away from us as individuals to other actors in society, and I want to discuss this at length.

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Thirdly, I'll move from the individual level to the institutional level and explore how power has ebbed and flowed between various institutions within Australian society, who's up and who's down, and why are they up and why are they down, and whose new-found power we should support and who we should be wary of.

And finally, I want to explore power in the community sector amongst the clients you serve. As organisations you serve some of the most disempowered groups in Australia, the homeless, the mentally ill, people with disabilities. So I'd like to conclude by offering you a couple of ideas to allow you to exert greater power on their behalf.

Denis and Joe asked me in the lead-up to the conference to begin by giving you a very brief overview of Per Capita, who we are and how we came to be. Per Capita is a progressive think tank which seeks to generate and promote transformational policies and ideas for Australia.

By 'progressive' we mean three specific values: prosperity, fairness and community. We think prosperity is important but that it must be delivered in ways that promote fairness and sustain communities.

In establishing Per Capita we were motivated by a belief that the quality of public debate over ideas in Australia was poor and that was partly due to a lack of institutional investment in ideas generation.

There weren't very many well-resourced think tanks and the ones that were out there tended to be conservative, free market institutions. The result was an imbalance in the public debate in favour of free market ideas. These institutions had power far beyond their size.

Even today if you pick up our national broadsheet newspaper and turn to its opinion page you'll often see that two of the three op. ed. articles there are dedicated to conservative think tank writers. And I would put it to you that this is not just as a result of the ideological positioning of the paper but it's also a reflection of an unbalanced investment in ideas in Australian society.

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What these powerful conservative think tanks have managed to do over time is to transform a set of reasonably old, stale debates into a set of new but false debates. It's classic wedge politics.

So what we do at Per Capita is to refocus on what we think are the real, important debates that the country should be having. What they did was to turn the old divide of bosses versus workers into a false argument over the power of unions. We think that this overshadows the real debate, which is how we should address skills and pathways to work, to improve participation and productivity.

Here's another example: they turned the old debate of economy versus environment into a false argument which contests the science of climate change. We think this overshadows the real debate, which is how you price environmental costs like carbon to ensure that these things are kind of integrated into decision making with the economy so that polluters are incentivised to reduce their pollution.

In both those cases vested institutional interests are using their power to divert attention away from the genuine challenges that we face because addressing these challenges will undermine those same vested interests. That's an example of the kind of institutional power that Per Capita seeks to counter balance.

OK, enough about us; let's cut to the chase. We all know intuitively what power is. It's such an intuitive concept that I won't bother trying to give you a formal definition. John Howard's satirical presentation in the *Keating* musical is as good as a formal definition I would say.

Power is many things. Biologically it's actually an addictive drug which releases endorphins into the bloodstream and has a similar effect to heroin. Separately, it's an asset which confers immense status on those who hold it. Power is an aphrodisiac. Power, most importantly, is something that brings with it enormous responsibilities.

I'd like you to consider where power does come from. The theorists will tell you that there are three main sources of power: violence, money and trust. Almost all power is exercised because the holder possesses one of these three things.

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The ability to exert violence is an obvious source of power. Prior to the 19th Century violence was by far the most dominant source of power. Even money was only useful in that it could buy control of private armies and militias and the like. In the 19th Century what happened was that national governments gradually brought the exercise of power under state control to the point where well-functioning states now have a monopoly on the use of force.

The result has been that the actual incidence of violence has reduced dramatically over the last couple of centuries. However, the capacity to deploy force remains an important source of power today. While violence is less important today than in previous centuries, the state monopoly on force remains central to an effective rules-based society and a high-quality legal system.

However, it is worth noting that there is one area where violence remains a particularly ugly feature of contemporary society and that's domestic abuse. Domestic abuse, as many of you will know, remains widespread, massively underreported and is sustained by a persistent power imbalance that's rooted in the ability of some men to inflict violence on women and children. It's one area where the state finds it very, very difficult to exert power and control because of issues around privacy and a lack of reporting.

The second primary source of power is money. While money has mattered since humans first accumulated crop surpluses, the relative decline in violence means that money is more important than ever. Money has certainly displaced violence as the single most important source of power in Australia today. Money matters.

To see just how much money matters, consider two vastly different groups. On the one hand look at the reaction of the mining companies to the proposed resource profits tax and before that to the carbon trading scheme.

It's no exaggeration to say that an orchestrated campaign by immensely wealthy organisations was the single most important factor in the defeat of carbon trading and potentially the scaling back of a resources tax. They lobbied, they advertised, they briefed the media, they scared the public. You can only do this if you have enormous wealth to deploy.

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Then consider another group, the communities which your organisations serve. Many of them are not wealthy and do not wield any significant power. This is no coincidence. They do not have the money to mount expensive campaigns, to duress politicians, to buy out uncooperative neighbours. The lack of money matters because at the end of the day it's money that allows you access to the decision-making processes that affect our everyday lives. I'll return to this question of access to decision making a little bit further on.

The final source of power is the most fragile, the most ephemeral, and it is trust. I think trust is the source of power for all the organisations in this room. That's the fuel to your engines.

Societies with high levels of interpersonal trust expend far less resources on coercion and compliance because contracts are usually honoured, laws are usually observed, tax is usually paid. This has immense value. It frees up resources for us to invest in public goods, to save against future adversity, to pursue a good life.

The institutions which command trust are those which can influence thoughts and opinions within a society. They define community values, they articulate social norms, they sustain taboos. Often they decide who belongs to a society and who doesn't, very fundamental questions of identity.

For centuries the churches have been amongst the institutions that have commanded the greatest trust, inspiring people to great feats of good and occasionally terrible evils. More recently, nation states have won the trust of their citizens, particularly through the spread of democracy, in which people allowed governments to exercise power on their behalf under a social contract.

Yet this trust in government has now begun to dissipate. The Gallup International Millennium Survey found large groups in mature democracies who believe that elections in their countries were free and fair but did not believe that their country was ruled by the will of the people. These findings were particularly strong in places like the UK, Sweden, Denmark, the Netherlands – states which are generally thought to have a strong social contract and high degree of social cohesion.

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As a leading public thinker, Geoff Mulgan, has written, in many of these countries the most democratic institutions are the least trusted. This disillusion with democracy explains why election turnouts and party memberships have begun to fall across the Western world and why activist energy has moved away from political parties and towards single issue politics.

Mulgan notes that there's been a steady increase over the past 30 years in the share of the population who have taken part in a demonstration, a strike, a consumer boycott, a petition, at precisely the same time that the conventional politics of elections and political parties has contracted.

Alongside falling trust in governments we're also seeing declining trust between citizens. The growth of cities and increases in high-density housing mean that we don't trust our neighbours like we used to. Often we barely know them.

In a sense it is the weakening of community bonds that results in this loss of trust. One of Per Capita's driving motivations is to reverse that weakening of community bonds. I'm sure that that objective is shared by almost everyone here in the room.

If trust in some of these different groups is falling then it's worth asking who we do trust these days. There are many answers to this question but I'd like to offer you just one intriguing candidate. I think, surprisingly, we trust Google. We place remarkable trust in what we're told by this vastly profitable multinational corporation. It's not to say that what Google tells us is wrong or misleading or immoral. But I find it curious that we've substituted trust in our flesh and blood neighbours for trust in an American legal entity that communicates with us through a keyboard and a screen. That's food for thought.

Let me now move onto my second theme, which is the power that we possess as individuals. I want to ask you reflect briefly on something: Do you think you have become more or less powerful over the course of your adult lives?

I suspect that the answer is actually both. In some ways you've become more powerful and in others you've become quite disempowered. Let me explain what I mean. I'm borrowing here an idea from Robert Reich, who's an outstanding American thinker. He was Secretary of Labor in the Clinton Administration.

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In his recent book *Super Capitalism*, Reich argues that capitalism has evolved to displace democracy as the dominant organising force in Western societies. He claims that this has been a mixed blessing. We've benefited greatly from this as consumers and as investors but we've suffered considerably as citizens.

It's true we've become far more powerful as consumers. The range of goods and services available to us is vastly broader and deeper than anything our parents could have conceived of. The price of most of these goods and services has fallen dramatically.

We can eat seasonal fruit all year around. We can purchase individual tracks of Puccini or Powderfinger through iTunes. We can fly to London now one way for \$378. That's incredible. We're drowning in choice.

When we don't like a product we can take our custom elsewhere. We frequently do. Some of us do this in favour of ethical consumption. But most do it simply on the basis of quality and price. So consumption is one of the few areas where individuals collectively are as powerful as other entrenched institutional interests.

The other area where individuals possess such power is as investors. Now, that contention may seem strange. Most of us have a few shares, maybe a rental property. But we all have superannuation and we have the power, in theory, to decide where that is invested.

The key point here is that the one thing that big powerful companies fear is desertion by consumers or shareholders. It's the only area where the aggregated actions of individuals can truly affect their behaviour.

Now all of this is well and good but do you honestly feel more powerful because of your purchasing or investment patterns? My guess is no, you don't.

And you don't for one very important reason which Robert Reich correctly identifies. Because while we've become more powerful as consumers and as investors we've lost power as citizens.

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Reich describes the period before super capitalism as democratic capitalism, an era in which a consensus existed between business, government and community groups over shared responsibilities for advancing economic and social welfare.

The CEO of General Motors testified to the US Senate in 1953, and he said, “What is good for our country is good for General Motors and vice versa.” What he meant was that in his view General Motors had a shared interest not only in the American economy but in the American community.

Contrast this with more recent US Senate hearings in which American banking chiefs have lined up to say that they have no other obligation but to advance shareholder value. Any damage to the public good is simply not their problem. Instead it’s the fault of incompetent regulators.

So what is happening here? What’s going on? And why does it disempower us as citizens? Large corporations no longer define their interest based on sustainable profitability and strong communities. Instead shareholder value is all that matters. They have realised that they can maximise shareholder value by capturing our democratic process. They lobby, they advertise, they wine and dine, they commission independent research with predetermined answers that support their arguments.

What they’re actually doing is subverting our power as citizens to control and influence the democratic process. This is why millions of people around the world are unemployed while big investment banks have returned a billion dollar profit. It’s why we can’t put a price on carbon without paying exorbitant compensation to polluters. It’s why a timber company can build a pulp mill on a Tasmanian river over the opposition of local residents and the broader Australian community.

It’s because as citizens we have lost the power to compete in the policy making process against these vast commercial interests.

So let me now turn to my third theme and move on from individuals to institutions. If individuals have lost civic power then which institutions have expanded their own power in recent times and which have been on the wane?

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I've already indicated that big companies wield enormous power in Australia, I'd say particularly the miners, particularly the banks, and that corporate power has grown disproportionately over the last generation or so. So I won't say much more about that.

But what about government? There are two critical trends which I think have influenced the power of government agencies over time. One is centralisation and the other is the capture and storage of information.

Wherever possible, government agencies seek to centralise activity which allows them to steadily accrue power. This starts from the top and it flows down. Recent Prime Ministers have accrued power from the Cabinet. Executive governments have accrued power from the Parliament. The Department of Prime Minister and Cabinet has accrued power from the rest of the public service. The Commonwealth has accrued power from the states and territories. And so on and so on.

The departments that provide human services, DEEWR and FaHCSIA and their state and territory equivalents have become particularly powerful as a result of their need to capture and manage information.

Now I'm not saying at all that this is a power grab by government or that this is by design. There's no deliberate plan to disempower anybody. What is going on in large part is these departments have had to invest in enormous IT systems whose purpose is to track case information but whose effect is to multiply both rules and compliance processes. And I've no doubt that many of you have experienced this form of power first-hand.

Other actors in the political process have lost power over time. Political parties are on the wane as trust in politics has eroded. While they are conduits to power for those ambitious individuals who seek high office, they confer little power on rank and file members.

Unions too have declined in power as their memberships have dwindled. This is not just because of punitive IR laws but because the modern workplace has become much more fragmented and there are many more small businesses and self-employed contractors.

Control of information has also affected the distribution of power within the media. The traditional media, newspapers, radio, TV have become less powerful as people get information

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and opinions from online sources, search engines, blogs, Wikipedia, the iPhone. This is why our long-standing debate over media ownership has receded in recent times. It's actually a little less relevant than it might have been 15 or 20 years ago.

It's also why Google has become so powerful. Google's model is based on control and organisation of almost inconceivable volumes of information. They photograph streetscapes, they map landscapes, they track details of every single search you make.

It's not always clear what they'll do with all this information. But whatever it is it's likely to make them even more powerful.

So what's the power scorecard for Australian institutions then? By my reckoning those institutions gaining power include the miners, the banks, the Prime Minister and his Department, the major human service bureaucracies, FaHCSIA and DEWR, and new media.

Those institutions which have lost power are the Cabinet, the Parliament, state governments, political parties, the unions and traditional media.

I'd like to wrap up this morning by just suggesting a couple of approaches with which you, as community organisations, might be able to increase your own power to serve the interests of your communities. They involve a response to those two trends around government power in Australia that I mentioned before, the capture of information on the one hand and centralisation on the other.

Firstly, I would suggest that you can increase your collective power, your shared effectiveness, by capturing and pooling information within the community sector. There are enormous benefits to sharing information between community organisations, on program effectiveness, on organisational processes, on human resources, on legal compliance issues, even on funding.

I think that too often in the community sector programs are undertaken in isolation without reference to one another. An adult literacy program might be trialled in Logan with mixed results and then two years later a similar pilot will be run by a different organisation in Doveton without drawing on the findings of the original study.

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Community organisations write business plans and government documents from scratch because there aren't too many common templates on which to draw. One of the dynamics of the community sector is that funding is always scarce which can make collaboration with other organisations appear threatening.

But we do need to overcome this dynamic and share information better. To their great credit Denis and the team at Our Community have taken the lead in this area through their Lessons Bank, their Policy Bank, their Plans and Tools bank. I want to encourage them to continue this important work. And I want to encourage you to pool information with Our Community and each other just as much as you can.

This will lift the power of the community sector by increasing program effectiveness and fundraising capacity. It will build on your single greatest asset, that trust, that integrity, and it will enable you to tell your many wonderful stories to ever bigger audiences.

The second way in which I think you can consolidate power in the community sector is to provide some creative resistance to this never-ending trend of centralisation. The essence of the community sector is that it is local. As a sector you understand local issues and you offer local solutions.

The control of decision making by remote bureaucracies in Melbourne, Canberra or Sydney is unlikely to lead to the best possible local outcomes. So you must gently persuade these bureaucracies to devolve some control to local organisations, community groups, housing associations, municipal councils, small businesses.

And you must propose innovative models to government for how to do this. Jenny Macklin this morning mentioned GoodStart, the reborn ABC Learning, as a social enterprise in the community space. I think it's an excellent example of a new innovative model that does take power away from some of these centralised decision-making agencies and puts it back into local communities.

Another example might be a community group that sets up a local social enterprise to build local skills, anything from truck driver training to IT repair services.

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Potential employers could directly invest or provide seed funding, start-up capital. Local government relies on flourishing business for rates incomes and housing authorities gain higher rents if more tenants are in work so these bodies could invest in the enterprise with capital and infrastructure, or at the least provide advice and support. Such an approach returns power over local community decisions to local communities.

The Federal Government has trialled a model of this kind through its Innovation Fund which is part of Job Services Australia and is based in part on some policy research undertaken a couple of years ago by Per Capita. Now, while it's only a small first step, the Innovation Fund demonstrates a refreshing decentralisation on the Government's part, with important emphasis on allowing local communities to experiment with alternative models in the full understanding that some will fail but others will succeed beyond wildest expectation.

I think the community sector should be pushing governments at all levels to expand this model beyond employment services. Over time, these centrally funded but locally designed initiatives will return power over local issues to where it belongs, to local communities.

These are just a couple of ideas on improving the power of community groups to serve your communities. I'm sure you'll hear many more great ideas over the next couple of days.

I hope I've painted a broad-brush outline of the nature and distribution of power in Australia. If I can leave you with one message it's this. Citizens and communities have lost much power in an era of supercharged capitalism, particularly the power to influence those government decisions that affect important aspects of our everyday lives.

It's enormously difficult to counter this but I think this is the challenge that Denis gave us in his opening remarks this morning. The right place to start is by asking the questions that you're addressing here over the next two days.

I hope you enjoy the journey and thanks for listening.

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