



Telstra and social capital

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How, in an era of market-based regulation and economic globalisation, can the multifaceted 'power' of Australian media and communications corporations be more democratically exercised?

Government regulation is increasingly narrowly directed at market management, while broader issues of mediated power are reduced to questions of taste, decency and conservative moral values.

Is it time to think of these corporations, especially of Australian media and communications corporations, as 'little governments' and to consider how internal governance might be restructured to address and democratise their complex social relations? For example, should these corporations be reconstituted nearer to a model of one shareholder - one vote, rather than one share - one vote, as is the current general arrangement?

The Howard Government's proposal to partially privatise Telstra at the same time as moving to an open market in telecommunications is fraught with problems, and should be opposed. As it is unlikely to be ratified in the Senate the partial privatisation of Telstra may well be deferred in the term of the current parliament, and possibly until 1998. But what then?

Would a more democratically constituted Telstra be better able to preserve and develop not only the financial, physical and human capital of this publicly funded telecommunications corporation, but also the *social* capital it represents?

In her Boyer Lectures last year, Eva Cox used the collective idea of social capital to describe the ties which bind us. In short social capital is that

common wealth of a society which can only be produced when agents work co-operatively with each other and not in competition.

The near-universal availability of telephones in Australia is a good illustration of these two aspects of social capital. The infrastructure of a universal telephone service is a physical manifestation of the ties which bind us. In Australia these 'ties' were

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cooperatively, not competitively, produced in the publicly funded and supported 'natural' monopoly that was telecommunications for very many years.

Leaving aside the question of privatisation for one moment it is clear that, in 1989, Australia passed a certain point of no return in the governance of the *social* capital we have built up in telecommunications in this country.

When Telecom was corporatised responsibility for the social capital of telecommunications was effectively externalised. However measures such as the universal service funding mechanism, the requirement that Telstra continues to offer untimed local calls, and price caps on certain baskets of services, cannot have the effect of ensuring that the social capital of Australian telecommunications is not eroded. Evidence of cooperation and trust - the pre-requisites of social capital - is suspiciously regarded or resented in a properly functioning market.

A presumption operates that state responsibility for the social capital of telecommunications - now collapsed into the term 'consumer interests' - will be indirectly exercised through the operation of properly functioning markets, and somehow shared with telecommunications corporations. Yet, supply side players, Telstra included, can only be reasonably expected to honour a duty to the maintenance and development of the social capital of telecommunications where they are compelled to do so by external regulation.

Policy critics are rightly concerned that this strategy actually fails to develop, and possibly even erodes, the social capital value of Australian telecommunications.

Over the last two decades or so, the interest of Australian federal governments in the governance of the social capital of telecommunications has undergone fundamental alteration. To paraphrase Eva Cox, the state has commenced a project to redefine its role as steering, not rowing. Further, in telecommunications it is no longer possible to turn this boat around.

Even if the privatisation of Telstra is stalled this year we must start considering this question of governance which the current trajectory of reform inevitably throws up. A reluctant state is no more a reliable long term defender or developer of the social capital of telecommunications, and associated values of equity, diversity, liberty, democracy or 'Australianness' (however that might be defined) than is the market, or for that matter Telstra as it is currently constituted. □

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