

A KINDER ROAD TO HELL? LABOR AND THE POLITICS OF PROGRESSIVE COMPETITIVENESS IN AUSTRALIA

John Wiseman

When this government introduced a market economy, when it opened us up to the world and implemented programs of **micro** economic reform, every step we took towards a more competitive Australia was a step towards a fairer Australia.

Australian Prime Minister Paul Keating, 1992.¹

Australians and Australian companies need to come to terms with the fact that traditional Australian egalitarianism and views of fairness are not what is needed today . . . because the **race** to prosper in a more competitive world [is] endless.

Virginia O'Farrell, director of an Australian firm of 'remuneration consultants', defending the payment of million dollar salaries to business executives.²

[The international credit rating agencies] would think social justice is a horse running at Saratoga.

Former Victorian Labor Premier; John Cain.³

After twelve years and five election victories the Australian Labor Party (ALP) is one of the few social democratic parties to have been in government continuously throughout the 1980s and the first half of the 1990s. For this reason the record of the ALP – and of the Australian labour movement – has been of increasing interest to labour movement activists and political parties in many parts of the world where electoral success has been more **elusive**.⁴

The ALP's impressive electoral record has provided the basis for extensive trade union access to government decision-making forums and social policy outcomes which have provided some targeted protection to low income and disadvantaged groups during a period in which the Australian economy and labour market have been dramatically restructured. The long period of Labor government in Australia has also provided some breathing space and room to move for those sections of the labour movement and other social movements who continue to challenge the inevitability and irreversibility of globalisation. However the dominant force driving the Australian Labor government has been the restructuring and deregulation of the Australian economy so as to increase competitiveness in global markets. In the end this strategy of 'progressive competitiveness' is likely to lead to the same mix of social polarisation and

loss of political and economic sovereignty which has been the result of more openly right wing, neo liberal responses to **globalisation**.⁵

The Australian experience of progressive competitiveness provides a disturbing picture of the dilemmas facing social democratic parties and trade unions in a period of **globalising** power, fragmenting values and shifting loyalties. In such times it has become both harder and more urgent to open up debate about alternative policies and strategies at local, national and international levels which can begin to challenge the logic of 'competitiveness at all costs' on the ever expanding global racetrack.

Globalisation, the great political buzz word of the 1990s, has become a much used – and much abused – way of explaining the transformation of institutions and relationships at local, national and international levels in the concluding years of the twentieth century. Too often the language of globalisation has been used simplistically to suggest that global corporate power has become an overwhelming juggernaut extinguishing all geographical and historical differences, leading inevitably to the creation of a completely global economy and policy and an effective end to the sovereignty of nation states and the identity of local cultures.

An alternative view is that globalisation implies a more complex and dialectical process of 'action at a distance', varying in its nature and effects in different locales and subject to ongoing contestation from some sections of the state as well as from non government organisations and social **movements**.⁶ From this perspective globalisation encompasses the increasing interdependence of national ecologies, economies and societies; the expansion of international trade, investment, production and financial flows; the growing significance of regional trading blocs and international economic agreements; more influential roles for international financial institutions and transnational corporations; greater mobility of capital (particularly finance capital) and the spreading of individualised and commodified economic, social and cultural relations into ever more spheres of human activity? These trends have significant consequences in relation to capital formation and productive investment, the distribution of wealth, work and income and the integrity and sovereignty of national democratic decision-making processes.

First, even fervent supporters of financial deregulation have discovered that the volatility of globalized money markets creates a climate of escalating economic and political instability which can undermine the creation of sustainable long term investment strategies: Economies such as that of Australia, with a small capital base and a high level of dependence on commodity exports, are particularly vulnerable.

Second, the fierce pressure to attract footloose capital, expand exports and compete on more open world markets generates a process variously described as 'downwards harmonisation', a 'race to the bottom', '**compet-**

itive austerity' or 'the low road to restructuring' in which there is constant downwards pressure on wages, working conditions, social programmes and environmental protection? This means that, while the gap between richer and poorer nations deepens there is also a process of polarisation within industrialised nations between a privileged minority with access to well rewarded jobs and a growing majority of citizens excluded to the economic and social **margins**.¹⁰ This polarisation has a significant gender dimension. While some women have benefited from the opening up of paid work opportunities, many others have been forced into the bottom end of the labour market at the same time as declining expenditure on health and community services increases demands on women to carry out unpaid caring and domestic work." Rising inequalities within and between nations have also forced many people to move from rural to urban regions and across national borders in an attempt to flee poverty and **unemployment**.¹²

Third, the relative autonomy and sovereignty of national and sub national decision making forums in both state and civil society is undermined by the mobility of capital and the power of international financial institutions, credit rating agencies, transnational corporations and largely unaccountable global institutions such as the IMF and the World Bank." The internationalisation of corporate power, the flexible localization of production networks and the concentration of producer services in particular urban centres have also led to pressures which, when combined with tensions over cultural and linguistic identities, tend to fragment national states and societies into competing and, at times conflicting interests.

For the champions of global capitalism national boundaries and destinies are barriers to be overcome. Enhancing the bargaining power of the corporation and undermining the legal and political regulatory power of national state institutions become the primary goals, with the construction of regional treaties and agreements protecting the rights of property and capital as key tools in this process. No doubt this is what Walter Writson, the former Chair of Citicorp Bank, was referring to when he enthused that '200,000 monitors in trading rooms all over the world now conduct a kind of global plebiscite on the monetary and fiscal policies of the governments issuing currency . . . There is no way for a nation to opt

Such naked defences of the interests of transnational capital are harder to legitimate at the national level where an acceptance of the inevitability of globalisation is more likely to be combined with strategies designed to maximise the competitiveness of national and regional economies. This commonly involves cost cutting policies such as labour shedding, wage reductions and deregulated labour markets as well as the promotion of productivity through technological innovation and improvements in **infra-**

structure, training, production processes, marketing and distribution.

Much of the trade union movement in industrialised economies has accepted the inevitability of the competitiveness agenda but has attempted to protect union members through productivity trade offs designed to minimise job losses and protect working and living conditions. Similarly, as **Albo** and **Panitch** have argued, some social democratic parties have explored alternatives 'to austerity competitiveness' through strategies of 'progressive competitiveness' which aim to limit the social dislocation and polarisation of economic restructuring by redistributing some of the fruits of export-led growth so as to compensate those who have suffered **most**.¹⁵

Progressive competitiveness is an apt description of the overall political strategy pursued for over a decade by the Australian Labor Party and there has been a clear aim of targeting resources to group most **disadvantaged** by economic **restructuring**.¹⁶ However the 'core business' of the government has increasingly been defined in terms of competitiveness, global integration and export growth. Fundamental problems in relation to production, distribution and regulation have deepened over this period and the stage has been set for a more extreme and openly right wing agenda of 'austerity competitiveness' to be pursued by a future **Liberal/National** Party government.

From a farm and a quarry to the global racetrack

At the time of the **ALP's** victory at the **1983** election, the Australian economy remained a highly protected 'farm and quarry', heavily reliant on agricultural and mining exports, with a small uncompetitive manufacturing sector focussed mainly on the domestic **market**.¹⁷ The Australian welfare state remained a fragile and residual creation based on assumptions of full employment and high wage levels defended by centralised wage fixing.

The uniquely Australian '**labourist**' combination of legally arbitrated wages and residual welfare provisions began to emerge in the early twentieth century in the context of a neo-colonial economy still heavily dependent on agriculture and mining and increasingly reliant on protectionism to defend manufacturing industries and employment. Fifty years later the construction of the expanded post-war Australian welfare state by the **Curtin** and Chifley Labor governments occurred in the context of high levels of economic and employment growth resulting from demand built up during the war, the expansion of Fordist mass production and consumption and the initial success of Keynesian demand management policies. For the twenty years following World War II it was possible to achieve relatively high standards of **living** for households with access to the income of employed, unionised, male workers. However these arrangements provided substantially less support to those citizens, predominantly

women, who were excluded from the workforce. Despite the struggles and achievements of the Australian women's movement the gendered division of labour and the assumption that women would **normally** be dependent on the male breadwinner also remained deeply **entrenched**.¹⁸

The central features of this economic and social policy framework were not fundamentally altered by the **Whitlam** Labor Government's ambitious but short lived efforts between 1972 and 1975 to expand the Australian welfare state and regain control of mineral and energy resources. Despite a limited shift in the direction of neo-liberal economic policies the 1975 to 1983 **Liberal/National** Party government remained committed to protectionism and a resource based economy until it was **overwhelmed** by the severe recession of the early 1980s. However the story of the 1980s and 1990s in Australia is the story of the shattering of the economic and social assumptions on which the Australian settlement between labour and capital had been constructed, and of the attempt by the ALP to manage the transition to a 'modern', post Fordist and globalised economy. **Probert** effectively captures the dilemmas which this has created for the ALP, noting that

the impact of the rise of post Fordism on institutional politics is most apparent in the rise of New Right politics which appears to take on the cause of restructuring most transparently. However it can be argued that it is traditional social democracy which has suffered the greater crisis. This is particularly true of the Australian Labor Party which has been trying to manage the transition to a new, globally restructured economic order, and to ensure a share of the new global functions for Australia while at the same time trying to maintain the loyalty of its traditional working class supporters, whose livelihoods are being devastated by the very same policies.¹⁹

The immediate aim of the Hawke Labor government, elected in 1983, was to deal with the impact of the recession and to generate economic and employment growth through fiscal expansion while holding down inflation. This latter objective was to be achieved through the establishment of the Accord agreement between the government and the trade union movement which guaranteed that wages would not rise faster than prices in return for the government's commitment to employment generation and improvements in health and other social programmes. Trade union access to key governmental decision-making forums and processes was also a central part of the bargain and led to the establishment of a wide range of tripartite economic and industry consultative forums involving government, union and business representatives."²⁰

The initial neo Keynesian optimism was soon overtaken by international pressures. In December 1983 Treasurer Keating overcame spirited opposition within the parliamentary Labor party to achieve support for the view that the rising speculative activities and power of international financial institutions meant that it was no longer possible to maintain a managed Australian exchange rate. For Keating and his supporters within

both Treasury and the business community this reform also had the positive effect of ensuring Australia's rapid integration into the harsh realities of global competitiveness. The **1983** decision to float the Australian dollar and abolish exchange rate controls was the first step down the path of financial deregulation completed over the next two years by the removal of interest rate ceilings and the entry of foreign banks. As the editor of the *Australian*, Paul Kelly argued

the float transformed the economics and politics of Australia. It harnessed the Australian economy to the international marketplace – its rigours, excesses and ruthlessness. . . The move to financial deregulation was the decisive break made by the Hawke-Keating government with Labor dogma and Australian practice . . . It was based on the belief that deregulation would mean a more efficient financial sector and that market forces, not official intervention could better direct capital to achieve a more efficient economy."

By **1986** in a climate of economic recovery the financially deregulated Australian economy faced the problems of rapid currency depreciation and a balance of payments crisis arising from the triple pressures of worsening terms of trade, rising imports and the cost of servicing foreign debt (which was largely the result of private sector borrowing). There was serious talk of IMF intervention and ongoing critical comments from credit rating agencies such as Moody's about the over reliance on commodity exports and 'economic and structural weaknesses [which] could cloud the nation's flexibility for servicing long term external debts'.²²

In May **1986** Treasurer Keating provided the famous warning that Australia would become 'a banana republic' unless economic restructuring was accelerated to ensure the competitiveness of Australian exports. From that point on the policy agenda of the Hawke and Keating Labor **Governments** was driven by the view that the central task was to transform Australia from 'a farm and a quarry' into a competitive producer and exporter of high value added manufactured products and services. Looking back from the perspective of 1990 Keating summarised the dominant themes of government policy in the following way. 'The question at issue is whether we build on our approach of the last seven and a half years – of deregulation, of removing the meddling hands of bureaucracy from the operation of markets, of forcing our businesses and our workers to confront the realities of world markets and international opportunities – or to retreat to the failed policies of the past . * Competitiveness was to become both the diagnosis and the cure for all kinds of economic and social ills, with the choice of remedies underpinned by the increasingly pervasive dominance of 'economic rationalist', neo liberal economic policies.

The deregulation of financial markets, exchange rates and financial institutions in the expectation that this would encourage productive investment was only the first step onto the global racetrack. The second step involved the deregulation of trade through tariff cuts and lobbying in

support of free trade on both a bilateral and multilateral basis. The emphasis on energetic and high profile trade diplomacy was based on the belief that Australia's multipolar trade profile meant that its interests would best be served by the encouragement of multilateral free trade agreements. To this end Australia was an influential leader of the Cairns Group of commodity exporting nations lobbying for the freeing up of multilateral agricultural trade in the Uruguay round of the GATT negotiations. The possibility of seeking membership of the North American trading bloc was considered and rejected in the mid 1980s but greater effort began to be focussed on the Asia Pacific region through the development of the Asia Pacific Economic Conference (APEC) in the early 1990s.

The third significant element in the competitiveness agenda was an extensive programme of micro economic reform designed to improve the productivity and competitiveness of Australia's export industries. Reductions in tariff protection were associated with a number of **sectoral** strategies for restructuring key industry sectors including, in particular, the automotive, steel, textiles, clothing and footwear industries. Despite bitter battles within the ALP the privatisation and commercialisation of public sector activities such as banking, transport and telecommunications was vigorously pursued as was a contested but continuing process of tax cuts, public sector expenditure cuts and reductions in grants to the States.

The close connection between the ALP and the Australian Council of Trade Unions (ACTU) meant that the government could not pursue full labour market deregulation as quickly or completely as the business community would have liked. Nonetheless the Accord processes provided a framework for a fundamental shift away from arbitration and the award system towards far more decentralised enterprise bargaining arrangements. As a balance of payments problems worsened during the mid 1980s new Accord agreements were negotiated which traded off reductions in real wages against tax cuts and improvements in superannuation. By the late 1980s and early 1990s the Accord negotiations had also become a mechanism for winding back working conditions (often referred to as 'restrictive work practices'), boosting productivity and moving rapidly down the path towards enterprise level bargaining.

Finally there was a renewed emphasis on training and skills development through the 'Active Society' principle of encouraging (and at times threatening) the unemployed into an expanded range of labour market programmes. This policy direction was first articulated by the Social Security Review in 1987 and given further impetus through the White Paper on Full Employment in 1994.² These training measures were associated with social security **reforms designed** to provide higher levels of income support to people on the lowest incomes by targeting payments more closely through tighter means testing and eligibility requirements.

The central aim of the entire competitiveness strategy was to provide a supportive climate within which private sector investment would surge into productive export industries. Unfortunately much of the surge was into an orgy of unproductive (and in some cases criminal) financial speculation, company takeovers and other 'get rich quick' schemes. Such speculative investment actually made the balance of payments problems worse as large sums of money were borrowed abroad, leading to a sharp rise in private sector foreign debt. Throughout the latter part of the 1980s the terms of trade continued to worsen, imports continued to rise and inflation was again becoming a problem. The choice of high interest rates to slow economic growth accelerated and deepened the recession of the early 1990s.

The government argued that this recession was part of the price Australians had to pay for restructuring the Australian economy but of course some people paid a higher price than others. Official rates of unemployment rose to over 11 per cent in 1993, the highest levels since the Depression. Nearly one million Australians were unable to find a job and many others were forced into low waged and insecure casual employment. Facing a public outcry about unemployment and a sharply deteriorating electoral situation the government began to shift ground. The 1992 *One Nation* economic policy statement signalled a rediscovery of the social costs of unemployment and some expansion of public expenditure in infrastructure development, education and training and community services.²⁶ Wrapping himself in the nationalist symbolism of Republicanism Prime Minister Keating managed to stir up sufficient fear about the divisive impact of the Liberal/National Party's radical New Right *Fightback* platform and its central component of a goods and services (consumption) tax to win the 1993 election.

After the election the government continued to focus on unemployment and commissioned a major inquiry into employment options for Australia leading to the publication of a White Paper on Unemployment in May 1994.²⁷ Yet the heart of this White Paper remained business as usual with the primary answer to unemployment defined in terms of export growth driven by free trade, deregulated financial markets, reduced business costs, privatisation, enterprise bargaining and training to improve the 'job readiness' of the unemployed. Trade and industry policies continued to be based on the view that 'Australian and international experience make it clear that protectionism, resistance to structural change and avoidance of competition are inimical to growth . . . An open economy leaves no room for subsidies that prop up uncompetitive firms, nor for detailed prescriptions for industry where **government directs** the flow of **resources**'.²⁸ As far as the White Paper was concerned the path to the future was simple. 'When Australia opted for an open economy, the nation committed itself to

succeed in an endless race to become, and remain, globally **competitive**'.²⁹

The last twelve years can be interpreted as a strategic triumph for the Labor Party and the labour movement in Australia. During this time the ALP has won five elections in a row and Prime Minister Keating speaks in glowing terms of the creation of 2 million jobs, the introduction of comprehensive superannuation coverage and improvements in the social wage such as Medicare, increased child care places and higher, more targeted benefits for low income **earners**.³⁰ Over the same period the ACTU has had unprecedented access to government forums and, while alarmed by falling membership figures, boasts of the victories of 'strategic unionism' defined as larger and more efficient union structures able to intervene in a proactive way in both public and private sector decision making?'

Labour's supporters have argued that, given there is no alternative to the goal of competitiveness, it is essential that economic restructuring be managed by a Labor government which can minimise social polarisation and **dislocation**.³² For the most optimistic Labor supporters the goal was understood to be the creation of a kind of southern Sweden, combining high value added manufacturing exports with relatively humane social policies." In addition Labor ministers and ACTU officials have been quick to respond to criticism of rising inequality and unemployment by arguing not only that there were no alternatives but that 'it could have been worse'. Constant reference is made to the horrors of Thatcher's England or the truly bizarre right wing social and economic experiments being carried out in New **Zealand**. Closer to home there are the dismal examples of Victoria, South Australia, **Western** Australia and Tasmania where Liberal governments have embarked on an extraordinary programme of **Thatcherist** slash and bum privatisation and anti union legislation.

No doubt it could have been worse and it would be foolish to dismiss the real significance of social wage programmes such as Medicare or the residual sources of protection against the full force of labour market deregulation. However an alternative interpretation is that the most lasting legacies of Labor's period in government will be a deregulated and globalised economy fully engaged in a race to the bottom with the low wage, low tax economies of South East **Asia**.³⁴ While the ALP has been clever at winning elections the price of competitiveness has been heightened inequality and a radical programme of deregulation and **privatisation**, which prepares the ground for more savage forms of economic restructuring when a more openly right wing **Liberal/National** Party government is elected. This prospect appears increasingly likely given recent by-election and opinion poll results indicating that the sharpest decline in electoral support has **been among** Labor's traditional male, blue collar, working class constituency and that the ALP is perceived as a hollow political machine, intolerant of criticism and with a declining base

of support outside the core groupings of the organised work **place**.²⁷ While globalisation with a human face is preferable to more brutal forms of restructuring the core problem facing social democratic parties and labour movements remains. The struggle for victory at all costs on the global race track is fundamentally incompatible with the goals of sustainable production, fair distribution, co-operative citizenship and democratic sovereignty.

The problem of sustainable production

The Labor years in Australia have clearly demonstrated the problems facing small resource dependent economies during the transition to globally integrated and post Fordist economic relations. As Marceau correctly points out, Australia faces the special problem of being 'caught at the apex of an uncomfortable and internally contradictory triangle: socially, politically, organisationally and proprietorially the country looks across to the Eastern Pacific and Europe while in terms of trading partners it must look north. A weak, and increasingly powerless, state combines with a "foreign" industrial base in a recipe which has been tried nowhere **else**'.²⁸ Labor's strategic mix of financial deregulation, free trade, micro economic reform, low taxes and a social contract with the unions to hold down wages has had only limited success even on its own terms. While the record in relation to economic growth, export growth, employment and inflation is reasonable in comparison with other OECD countries, the underlying structural problems have worsened."

In relation to capital formation, domestic savings remain low while foreign investment and ownership rise sharply. The cost of servicing foreign debt has been a key factor in the ongoing deterioration of Australia's balance of payments position which has also been undermined by poor commodity prices and strong demand for manufactured imports. The government continues to claim that substantial reductions in tariff protection were essential to encourage international competitiveness and that foreign investment will finally form the basis for the expansion of Australian high value-added export industries. But there is little evidence that foreign investors are particularly interested in the long term development of Australian export industries other than mining. Much of the foreign investment has been directed into speculative activities and assets such as tourist resorts, hotels and office blocks. As Melbourne **Age** economics editor Tim Colebatch notes, 'little investment has gone into the main export earning areas. In the decade to 1993, the real net capital stock per head grew by **24** per cent in **mining**, fell by **24** per cent in farming, and was virtually flat in manufacturing. The re-equipping of industry was a **myth**'.²⁹ And while it is true that manufacturing exports have risen sharply,

manufactured imports have risen even faster leading to a worsening of the manufacturing trade deficit."³

At the same time the ecological limits to growth are becoming clearer with mounting evidence of the finite nature of Australia's natural resources and the threatening implications of environmental warning signals such as global warming and ozone depletion."⁴ Bitter conflicts over the logging of native forests, uranium mining and mineral exploitation on Aboriginal land continue to divide environmentalists, trade unionists and corporate interests. The family farm has become an endangered species in many areas due to the combined impact of falling commodity prices, high interest rates, soil degradation, salinity and the pollution of water supplies by toxic algae.

The problem of distribution

The debate about who has won and lost in Australia over the last decade has been hotly contested. The government and its supporters argue that low income and disadvantaged groups have benefited substantially from income security reforms, employment growth and the expansion of the social wage. Labor's critics on the other hand argue that, after ten years of economic restructuring poverty, inequality and unemployment remain deeply entrenched, there has been a significant shift from wages to profits and the labour market has been radically transformed with much of the employment growth limited to low paid, part time and casualised jobs.⁴¹ The government itself boasts frequently of its success in reducing taxes and public sector expenditure claiming this as a victory for efficient management and tighter targeting of income security payments. Cuts in areas such as health and education have often been particularly severe at State and local government levels as difficult decisions are passed down the line by the Commonwealth government in the form of reduced grants and revenue sharing arrangements. In the end even the government's own Economic Planning and Advisory Council freely admits that, while 'Australia does not yet have unmanageable levels of the homeless and beggars on the streets ... even a cursory reading [of the available evidence] suggests that measured income inequality, especially that for market-based earnings had been increasing, or at best has been relatively static'.⁴²

Despite the government's relatively strong record in promoting employment growth the fact remains that official unemployment rates will remain at over 5 (and probably closer to 10 per cent).⁴³ All 'sensible' economists – and the government – of course agree that this has now become the new 'natural rate of unemployment'. At the same time the casualisation of the Australian workforce continues at a dramatic pace with

much of the employment growth in the part time and casual spheres. A distributional strategy based on a combination of mass unemployment, mass casualisation and mass training is indeed a disturbing prospect and casts a dark shadow over hopes that social democratic politics can deliver a new and progressive version of full employment if the union movement is prepared to broker the sharing out of increased productivity and reduced wages among workers."

But perhaps the most disturbing development of all is the extent to which Labor has created a climate in which egalitarian and co-operative values have been swept away by the advocates of economic rationalism and the free market. The rhetoric of social justice and citizenship has been a poor defence against the avalanche of claims from business leaders and right wing think tanks that an open competitive economy makes cutting taxes and public sector expenditure an inevitable necessity. To take only two of many possible examples Ivan **Deveson**, former head of Nissan Australia and the Channel 7 media group makes it clear that 'there is no doubt that we cannot afford the "social net" that we have – that the size of the net must be linked to the economy – that to some degree our commitment to an efficient economy has been weakened by some excessive dependency on social support⁷.' Economist Fred **Argy** who was the initial architect of the Hawke government's financial deregulation strategy now draws the conclusion that 'we are losing control over our social priorities. Capital markets simply don't like high levels of government spending on health and social programs'.⁸ This leads to a broader question. Who then is making the decisions – who is governing a deregulated Australian economy and society? And how can national and local democracies survive in an age of global financial markets which have become utterly contemptuous of national borders and local populations?

The problem of regulation and democracy

In **1985** the international credit rating agencies and financial markets reacted savagely and the value of the Australian dollar plummeted following the suggestion that the Hawke Labor government might oppose the testing of MX missiles by the United States in Australian offshore waters. In **1993** the Labor government in Victoria was hurled from office in a climate of mounting media hysteria about the latest downgrade in credit ratings from Moodys and Standard and Poors. In **1995** Ford Australia publicly warned that it would cease its Australian operations (at a cost of **7000** jobs) unless there were substantial reductions in the costs of labour and government services. In **1993** Victoria Liberal Premier, Jeff **Kennett** sacked all elected local governments and replaced them with appointed commissioners. In 1995 he announced, after a show of hands by

several hundred business men and women at a power breakfast, that business would be more efficient and competitive without having to deal with an elected Council for the central Melbourne area. So there would be no elections.⁴⁷

The combined impact of low domestic savings, rising levels of private foreign debt and financial deregulations have dramatically increased the influence of international capital markets, financial institutions and credit rating agencies. In this climate it has become almost impossible to talk about higher levels of public sector expenditure or progressive taxation without being howled down by commentators shouting that, not only would this make Australian business uncompetitive but, in a deregulated financial system the international financial markets and credit rating agencies would never permit such policies to be implemented. This has led to a disturbing trend towards political self censorship with even the most progressive of Labor politicians and trade unionists simply refusing to talk about alternatives to current economic policy settings because, it is argued, there is no point in talking about things which simply cannot happen.

The full implications of financial deregulation in Australia are best articulated by H.C. Coombs who oversaw the introduction of Keynesian economic policies in post-war Australia and went on to be the founding head of the Reserve Bank and a key economic adviser to eight Australian Prime Ministers:

The deregulation of the Australian financial system was, in my opinion, a tragedy and I think the outcome was highly predictable from the time of the decision and it was disastrous. We had a crop of bank failures, a repudiation of the rights of depositors, company crashes, millionaires all around the place but the system was not working in a stable fashion. We were progressively losing ownership of our own assets and losing ownership of the major enterprises and institutions in our society."

The ALP under Paul Keating's leadership has been very effective at playing the nationalist card, proposing that Australia should break its last ceremonial ties with the British monarchy by becoming a Republic. There has also been much talk of creating 'one nation' and supporting 'the promotion of individual and collective cultural rights and expressions on the one hand and, on the other, the promotion of common national interests and values'.⁴⁸ This attempt to find an appropriate balance between principles of inclusiveness and difference may help to lessen the explosive potential for racist forms of social fragmentation which can easily be triggered by the dangerous combination of rapid economic restructuring and diverse ethnic and racial populations. However broader claims that Labor has at least defended Australian cultural sovereignty have a hollow ring given the extent to which foreign ownership of all forms of media has been actively encouraged with the control of print and electronic media effectively concentrated into the hands of the Australian Kerry Packer, the

Canadian Conrad Black and Australian/American/global citizen Rupert Murdoch.²⁰ Certainly the comprehensive deregulation of the Australian economy threatens to make a complete mockery of democratic decision making and sovereignty in relation to all significant aspects of economic and social policy. As the Victorian example indicates even the very idea of democratic elections has been challenged by the champions of competitive efficiency.

After social justice? The problem of political ideas

In claiming victory at the 1993 election, Paul Keating referred to it as a victory for 'the true believers', presumably referring to Labor's traditional working class constituency whose ways of life are increasingly under threat due to the very changes in labour market regulation which the Labor government has supported so strongly. Unfortunately it is unclear what the believers are supposed to believe in beyond a vague commitment to 'the poor', 'the workers' – and 'social justice'.²¹

Since its formation one hundred years ago the language of 'social justice' has often served as the Labor Party's unifying vision and philosophy, at least for those sections of the party and the labour movement who wished to avoid being tainted with the image of more radical, 'socialist' projects. But of course social justice can mean many things. In 1909 one of the founding organisers of the ALP, W.G. Spence argued that Labor's social justice mission was the antithesis of rapacious capitalism:

Labor has an ideal. It realises there never can be social justice under a capitalistic system of production, distribution and exchange. It aims at a gradual but nevertheless complete and permanent change. Capitalism, commercialism, competition, and its concomitant, wage slavery, must go.²²

Forty years later in the heady days of post-war reconstruction Labor Prime Minister Ben Chifley articulated a vision of social justice, security and compassion as Labor's 'light on the hill':

It is the duty and responsibility of the community and particularly those more fortunately placed, to see that our less fortunate fellow citizens are protected from those shafts of fate which leave them helpless and without hope. That is the objective for which we are striving. It is the beacon, the light on the hill to which our eyes are always turned and to which our efforts are always directed.²³

In his 1992 Chifley Memorial Lecture Paul Keating continued to insist that Labor still stands for the values that Ben Chifley stood for – the primacy of social justice, social cohesion, equal opportunity – the fair go.²⁴ It is certainly true that, throughout the 1980s, Labor governments at both Commonwealth and State levels struggled to articulate a renewed sense of direction through the creation of elaborate "Social Justice Strategies".²⁵ However, stripped of their rhetorical flourishes about social justice as

'access, equity, participation and rights' the major contribution of these Strategies was to provide a justification for the more effective targeting of reduced resources to groups identified as 'disadvantaged', with disadvantage largely defined in terms of exclusion from the mainstream labour market.⁵⁵ This was quite consistent with the wider strategy of progressive competitiveness or 'restraint with equity' as Prime Minister Hawke referred to it. Social justice defined as restraint with equity was unlikely to rekindle the 'light on the hill' or inspire a deeply uninspired electorate.

In the context of soaring unemployment Labor's 1993 election victory came as a startling surprise to most observers. But anecdotal and opinion poll evidence suggests that the dominant Australian social mood is one of cynicism and 'sullenness' combined with fears about the effect of rapid change in a fragmented world in which there are few sources of certainty, faith or inspiration?' As a wide range of commentators have noted this deepening sense of risk, anxiety and a collapse of **trust** in religious and political institutions is a pervasive feature of post industrial, post Fordist societies and has given rise to a variety of responses by political parties desperately attempting to recapture supporters and a sense of **direction**.⁵⁸

In Australia one response has been to look backwards to the so called 'lucky country' of the 1950s, calling up the ghosts of Labor's traditional heroes and 'true **believers**'.⁵⁹ However the supposedly more secure and prosperous world of the 1950s cannot be reclaimed in the fragmenting societies and globalising economies of the 21st century, even if it was thought desirable to return to the often rigid and oppressive relations of gender, sexuality, race and ethnicity which were also a feature of those times.

A second, more dominant response has been the technocratic language and politics of economic rationalism, public choice theory, privatisation, deregulation and managerialism. Some of these ideas are simply a reworking of neo classical economic ideas about the merits of **laissez faire** capitalism. But as Pusey has suggested they also involve a fundamental distrust of discourses based on morality and **ethics**.⁶⁰ The underlying assumption is that there can no longer be any commonly agreed on social norms or values – there are only the desires of each individual to maximise their sensory pleasure and material gain. The solution is to turn to the market as the arbiter of individual choices and to neo classical economic 'science' to ensure the market is protected. The market has finally become God.

A third possibility is to accept, and perhaps revel in the collapse of universal truths and values. After all it was Paul Keating's speech writer Don Watson who has suggested that Australians should begin to imagine a 'post modem republic' – a nation which is 'aleatory [dependent on chance], impressionistic, figurative, bebop'.⁶¹ Some strands of post modem

theory have provided a timely antidote to the **arrogance** of ideological certainty **as well as** highlighting the significance of the politics of difference. However the implications of much post modernist discourse can also be profoundly nihilistic leading down a path of moral relativism quite consistent with the reduction of all social relationships to the narrowly contractual and commercial relations of the market place.

In this arid climate one starting point is to continue to fiercely oppose the atomistic individualism of competitive 'market citizenship' and to defend and reclaim the significance of interdependence and **co-operation**.⁶² This implies a **reaffirmation** of the fundamentally social nature of human life and of the ecological interdependence between all forms of life and the natural environment. It also means that debates about the nature of economic growth and the distribution of paid and unpaid work will be crucial in the process of re-imagining political ideals and programmes. From these beginnings we can then continue the struggle to identify the most desirable balances between autonomy and solidarity, co-operation and identity, rights and responsibilities – and to open up new understandings about the need to respect differences of gender, sexuality, race and ethnicity. As **Rustin** notes:

it is possible to defend the value of social differentiation without abandoning universalistic and egalitarian claims as a foundation for a beneficial diversity of values and lifestyles . . . The central issue is to see that ways of life . . . complexity and richness depend not just on individuals but on the various kinds of community which make human accomplishment, even the everyday accomplishments of parenthood, craftsmanship, or good citizenship, possible."

After Labor? The problem of political strategy

Many external observers have been intrigued by the seemingly remarkable electoral success of Labor in Australia. Charismatic leadership, tactical skill, good timing and a fair amount of luck are all part of the explanation. But the major reason for Labor's election victories has been the capacity of the party to continually reinvent itself in response to the progressively more difficult problems of modernising the Australian economy while maintaining cross class alliances between working class and middle class voters."

The opposition Liberal party responded to its 1983 election defeat by purging itself of moderate influences and attempting to carve out a radical new right political position. However for much of the past decade the Liberal party and its allies, the rurally based National party, have struggled to present a credible programme which could reconcile extreme economic liberalism, moral conservatism and a backward looking attachment to England and the monarchy. By contrast Labor has been able to effectively portray itself as the wave of the future, turning from the monarchy to

Republicanism, expanding cultural and trade connections with Asia and promising targeted protection for the victims of deregulation and restructuring. This strategy has also provided an effective basis for maintaining the support of some sections of manufacturing capital who have shared a common interest in gaining access to Asian markets and in a managed process of **privatisation** and **deregulation**.⁶⁵

At the same time Labor's balancing act has also included an attempt to portray itself as a champion of ecological sustainability in order to build alliances with the environment movement and increase its appeal to ecologically concerned middle class voters. However, these alliances have continually fractured under the pressure to expand natural resource exports, demonstrating again and again the difficulty of reconciling social democratic and ecological politics if it is not possible to keep increasing the size of the economic pie.

The challenges facing Australian trade unions and the ALP reflect similar concerns among all social democratic parties and labour movements. Perhaps, as many social movement activists claim, the project of social democracy is, like the vision of social justice, a worked out seam, and it is social movements. Green Parties and radical **independents** who are now the most significant agents of social reform. In Australia, the ecologically focussed Australian Democrats and, more recently, the Greens have held the balance of power in the Senate for all of Labor's time in government. **Alongside** an emerging cast of social movement based independents they have also provided part of the infrastructure for exploring new forms of extra-parliamentary political action.

If the central goal of modern social democracy is understood to be little more than the humane management of economic restructuring and global integration it is hardly surprising that many people have turned to other sources of political inspiration. Yet it is important to remember that the social democratic heritage has always contained both technocratic and emancipatory potentials. One danger of simplistically embracing the social movement 'solution' is that the significance of class as a category of both analysis and action will be completely lost. Thus Segal, while rejecting the often gender-blind, technocratic and authoritarian practices of both social democracy and Leninism asks:

should we not also pause a moment to recognize the weaknesses of the new social movements themselves? Without access to the resources of strengthened social democratic reformist structures, as decentralised and accountable as possible, and without strong trade unions, the social movements (particularly as conceived by the theorists of difference) can offer little more than the enjoyment of an endless game of self-exploration played out on the great board of Identity.⁶⁶

The choice between social democratic, labour movement and social movement politics is a false choice. Of course, social democratic parties

will never challenge the dominant logic of the market and economic growth by themselves. It has always been silly to believe that – in Australia or anywhere else. Parliamentary parties linked to labour movements can only be expected to hold their nerve and pursue alternative economic agendas to those of globalised capital if they are constantly challenged, pushed and inspired by non parliamentary labour and social movements. The task therefore is to defend and build on the solidaristic traditions of the labour movement while exploring the space for more creative, reciprocal and differentiated social relations and political processes emerging from social movements concerned with questions of gender, sexuality, race, ethnicity and ecology.

It is possible that, over time, a formal alliance between progressive labour movement and environmental political movements might develop in Australia along the lines of the Alliance in New Zealand.⁶⁷ But the Australian historical context of a particularly tight connection between the labour movement and the Labor Party make grand coalitions an ambitious goal. Shifting networks of labour, social movement and community **organisations** coming together to work on particular issues of common concern are likely to be more feasible and fruitful arrangements in the immediate future. Whatever form these alliances or networks take they will have to come to terms with the politics of globalisation and the changing nature of national boundaries and the nation state.

Alternatives to the global racetrack? The problem of national politics in borderless nations

Unfortunately it is far easier to point to the limitations of Australian Labor's 'globalisation with a human face' than it is to articulate alternative local, national and international strategies which can seriously challenge the logic of 'competitiveness at all costs' and are consistent with the principles of ecological sustainability, social cooperation and democratic sovereignty.

The first and most important step is to believe that there are, in fact, alternatives. Globalisation does not mean we are heading for a monolithic world government run by the UN or anyone else. That way lie the dangerous paranoias of the US militias and the fundamentalist right. Nor are we facing the complete collapse of national borders and the slide into a global Bosnia of tribalism and chaos predicted by a variety of post modern charlatans and end of the world doom **sayers**.⁶⁸ Other prophets of globalisation argue that the massive expansion of global communication technologies allowing the virtually instantaneous transfer of vast financial flows rules out the possibility of even discussing the reregulation of financial markets. This in turn provides a formidable and demobilising

weapon for those who argue, like Margaret Thatcher, that There Is No Alternative to the wildest extremes of free market capitalism. However, as Bienefeld argues, financial deregulation is a result of political choice rather than technology:

In the final analysis, financial regulation depends on the political will to enforce adequate sanctions, so that, given the risk of discovery, the majority of people will observe the law. The fact that such laws can always be technically evaded (by some, for a time) is not an argument against them or their enforcement, any more than the existence of unsolved murders constitutes an argument against the homicide laws ... In fact, the biggest obstacle to the enforcement of financial regulations today, is not the computer or the fax machine, but the poisonous individualism of the eighties which has undermined people's willingness to observe the law by corroding the ethical and ideological foundations on which law enforcement, taxation and the ability to justify social investment ultimately rest.⁶⁶

The task of developing creative alternatives to the destructive power of global economic restructuring has global, local and national dimensions. Globalist strategies have tended to focus on the creation of alternative political, financial and legal global institutions which can form a democratic counterweight to the power of transnational capital.⁶⁷ If corporate power has shifted to the global arena then global trade unions, environmental agencies, community organisations and governmental institutions are seen, by some, as the remedy. Such organisations could, it is argued, provide the base for the creation of international corporate codes of conduct, controls over financial transactions and the construction of new forms of international governance including the possibility of international corporate taxes such as the Tobin tax proposal?⁶⁸ Internationally based government and non-governmental organisations can also provide the basis for attempts to enshrine trade union and human rights principles in international trade agreements and create multilateral and bilateral social charters specifying minimum standards of living and standards of social service provision. The establishment of agreements about human rights and appropriate social, economic and environmental benchmarks in the Asia Pacific region certainly need to be firmly placed on the agenda in the context of the negotiations around APEC and the expansion of Asia Pacific trading relations. However, the limited effectiveness of social charter and trade union rights agreements in both the NAFTA and EC experience suggests that it would be unwise to place too much faith in internationalist strategies on their own.

At the other end of the scale are the supporters of 'globalisation from below', commonly involving the fostering of local economic networks and local community relationships as significant arenas within in which identity and difference can be protected, solidarity and mutuality nurtured and ecological values sustained.⁷² Many proponents of localism have also noted the potential for making global links between local groups and

developing the 'Lilliputian tactic' of tying down the corporate 'giants' of global corporate power with thousands of interconnected local grassroots movements and struggles. Part of the aim here is to counter the divide and rule, 'beggar thy neighbour' tactics of the race to the bottom agenda by creating the conditions for an 'upward' rather than 'downward' **harmonisation** in which workers and citizens with lower wages and working conditions are lifted upwards rather than driving down the living standards of workers in more prosperous economies. As a number of authors and activists have noted the expansion of global trade and communications creates possibilities as well as threats and the careful broadening of international and regional alliances between local trade unions, community organisations and social movements is an important and complex **challenge**.⁷³ In relation to this goal many activists within the Australian labour movement – and indeed other social movements – have begun to recognise the importance of creating networks and alliances within the Asia-Pacific **region**.⁷⁴ Recognising the importance of such networks is a good start. But establishing the understanding and trust to overcome deep cultural differences will require a marked increase in the resources and time devoted to this task.

As the rhetoric of 'think global: act local' becomes pervasive it is tempting to accept that the room to move at the nation state level has effectively disappeared. But while the very idea of national political identity may have been opened to question by the internationalisation of capital it has become more important than ever to reconsider the relationship between social movements, labour movements and nation states. As Mahon correctly points out 'the world has more depth than a global network of economic power extending from the **centre(s)** to the periphery. To problematise the coherence and durability of national societies and states, however, does call for new ways of thinking about the way that social space is organised and reorganised over time . . . the nation state is not dead but strategic horizons have to be expanded to render visible other layers of **action**'.⁷⁵

Without being naive about the room to move available to national governments it will be a serious error to vacate the arena of the nation state and national parliamentary politics. That way lies the hollowed out 'street warfare' politics of **Los Angeles** and **New York** with no effective focus for contesting the control of transnational or national capital over decisions in particular societies and locales. One of the most important lessons from the last fifteen years in Australia is that, if we lose democratic control over the key decision-making forums and processes of the national and regional state, then we lose a great deal indeed for all real decision making power in relation to capital formation, production and distribution will have been effectively corporatised. The debate about the relative autonomy of the

nation state is far from over but the challenge is to imagine and create new democratic institutions and regulatory processes in an age where trust is scarce, the sense of risk is widespread and the consequences of actions are often far removed from those involved in making the decisions.

More broadly the experience of Labor in government in Australia suggests that progressive competitiveness may be a kinder strategy in the short term. It may also create some room to move for the exploration of new political formations and alliances. But it will remain only a kinder road to hell if there continues to be an unquestioning acceptance of the inevitability and irreversibility of a globalised and deregulated economy. The alternative path is far from clear but an important starting point must continue to be a recognition that the goals of endless economic growth and competitiveness at all costs are finally not compatible with the goals of ecological sustainability, co-operative citizenship and democratic sovereignty.

NOTES

1. P. Keating, Speech to Australian Council of Social **Service** Annual Congress, **Canberra**, October **1992**, unpub.
2. **V. Farrell**, cited in *The Sunday Age* March **26 1995**.
3. **J. Cain**, in *The Age* April **11 1993**.
4. As early as **1986 Panitch** noted, sceptically, that the Australian Labor Party had joined the Swedish and Austrian social democratic parties as a 'new vogue' example of an electorally successful mix of incomes policies and corporatist economic strategies. See **L. Panitch**, *Working Class Politics in Crisis. Essays on Labour and the State*, Verso, London, **1986**, p. **35**. As Pilger has also documented the British Labour Party has been particularly enthusiastic in looking to the ALP as a model. See J. Pilger, 'The lessons of Australia's hard Labour' in *New Statesmen and Society*, June **10, 1994**. There have also been an ongoing range of critical debates about Labor's record in Australia. See for example **P. Beilharz**, 'The Australian Left: Beyond Labourism' in R. Miliband, **J. Saville**, M. Liebman, and **L. Panitch**, (eds.) *Socialist Register 1985-86*, Merlin Press, London; **G. Duncan**, 'The Australian road to socialism' in *New Socialist*, December **1989/January 1990**; **R. Kuhn**, 'The Limits of Social Democratic Economic Policy in Australia' in *Capital and Class* **51**, Autumn **1993**. I am grateful to Andrew Scott and Greg Albo for drawing my attention to a number of these references.
5. The nature of progressive competitiveness is discussed in more detail below and draws on the work of **L. Panitch**, 'Globalisation and the State' and **G. Albo**, 'Competitive Austerity and the Impasse of Capitalist Employment Policy', both in R. **Miliband** and **L. Panitch** (eds.) *Between Globalism and Nationalism: Socialist Register 1994*, Merlin Press, London, **1994**.
6. **A. Giddens**, *Beyond Left and Right: The Future of Radical Politics*, Polity, Cambridge, **1994**.
7. This understanding of the scope of globalisation draws on a range of sources including **D. Harvey**, *The Condition of Post Modernity*, Basil Blackwell, Oxford, **1989**; **A. Glynn**, and **B. Sutcliffe**, 'Global but leaderless? The new capitalist order' in R. **Miliband** and **L. Panitch**, *Socialist Register 1992*, Merlin Press, London **1992**, pp. **76-95**; **P. Hirst** and **G. Thompson**, 'The problem of "globalization": international economic relations, national economic management and the formation of trading blocs', *Economy and Society*, Vol. **21**, No. 4, November, **1992**, pp. **357-396**; **D. Drache & M. Gertler** (eds.), *The New Era*

- of Global Competition: State Policy and Market Power*, McGill-Queens University Press, Montreal, 1991; J. Brecher, J. Childs and J. Cutler (eds.), *Global Visions: beyond the New World Order*, Black Rose Books, Montreal 1993; M. Featherstone (ed.), *Global Culture: Nationalism, Globalization and Modernity* (A Theory, Culture and Society Special Issue), London: Sage, 1990.
8. Thus we see the World Bank noting that deregulated financial markets 'tend towards instability and fraud' and the IMF warning that deregulation may 'result in destabilizing and inefficient capital speculation' both cited in M. Bienefeld 1994. 'Capitalism and the nation state in the dog days of the twentieth century', in R. Miliband and L. Panitch (ed.), *Between Globalism and Nationalism*, Merlin Press, London, 1994, p. 109.
 9. See S. Sweeney, 'What is the "New Labor Internationalism"? Comments on Upward Harmonization, Social Charters and Globalization from Below', paper presented to the Sixteenth Annual North American Labor History Conference on International and Comparative Labor History, October 27–29 1994, Wayne State University Detroit; J. Brecher, J. Childs and J. Cutler, *op. cit.*; W. Sengenberger, 'The role of labour market regulation in industrial restructuring', in G. Standing and V. Tokman (eds.), *Towards Social Adjustment: Labour Market Issues in Structural Adjustment*, ILO, Geneva, 1991, pp. 235–250.
 10. See United Nations Research Institute for Social Development, *States of Disarray: The social effects of globalization*, UNRISD, London, 1995.
 11. See G. Standing, 'Global Feminization Through Flexible Labour', *World Development*, Vol. 17, No. 7: 1077–1095 and A. Yeatman, 'Women's Citizenship Claims, Labour Market Policy and Globalisation', *Australian Journal of Political Science*, Vol. 27, 1992, pp. 449–461.
 12. S. Sassen, *The Mobility of Labor and Capital: A study in International Investment and Labor Flow*, Cambridge: Cambridge University Press, 1990.
 13. T. Sinclair, 'Passing judgement: credit rating processes as regulatory mechanisms of governance in the emerging world order', *Review of International Political Economy*, 1:1 Spring 1994, pp. 133–158.
 14. Cited in J. Brecher, 'After NAFTA: Global Village or Global Pillage?', *The Nation*, December 6, 1993, p. 686.
 15. See Panitch, 'Globalisation', *op. cit.* pp. 81–86; Albo, 'Competitive Austerity', *op. cit.* pp. 147–8, 156–7, 162–3. G. van Liemt, 'Economic Globalisation: Labour Options and Business Strategies in High Labour Cost Countries', *International Labour Review*, Vol. 131, No. 4–5, 1992, 453–470.
 16. For an overview of the mainstream Australian debate about responses to globalisation see Economic Planning and Advisory Committee, *Globalisation: Issues for Australia*, AGPS, Canberra, 1995 and B. Lepani, G. Freed, P. Murphy and A. McGillivray, *Australia in the Global Economy*, AGPS, Canberra, 1995.
 17. See F. Castles, *Australian Public Policy and Economic Vulnerability*, Allen and Unwin, Sydney, 1988; P. Beilharz, M. Considine and R. Watts, *Arguing About the Welfare State*, Allen and Unwin, Sydney, 1992; P. Boreham, S. Clegg, J. Emmison, G. Marks and J. Western, 'Semi peripheries or particular pathways: The Case of Australia, New Zealand and Canada as class formations', *International Sociology*, Vol. 4, No. 1, 1989, pp. 67–90; J. Ravenhill, 1994, 'Australia and global economy'. In S. Bell & B. Head (eds.), *State, Economy and Public Policy in Australia*, Oxford University Press, Melbourne, 1994.
 18. See L. Bryson, *Welfare and the State: Who Benefits?*, Macmillan, London, 1992.
 19. B. Probert, 'Restructuring and globalisation: what do they mean?' in *Arena Magazine*, April–May 1992, p. 21.
 20. See P. Ewer, I. Hampson, C. Lloyd, J. Rainford, S. Rix and M. Smith, *Politics and the Accord*, Pluto Press, Sydney, 1991.
 21. P. Kelly, *The End of Certainty*, Allen and Unwin, Sydney, 1992, p. 76.
 22. Cited in P. Kelly, *op. cit.*, p. 222.

23. Keating cited in P. Ewer, et al., *op. cit.*, p. 63.
24. A useful summary of the Accord agreements up to 1992 can be found in F. Stilwell, 'Wages policy and the Accord' in G. Mahony (ed.), *The Australian economy under Labor*, Allen and Unwin, Sydney, 1993. See also P. Ewer, et al., *op. cit.* and R. Kuhn, *op. cit.*
25. B. Cass, *Income Support for the Unemployed in Australia: Towards A More Active Society*, Social Security Review Issues Paper No. 4, AGPS, Canberra, 1988 and Commonwealth of Australia, *Working Nation: Policies and Programs*, AGPS, Canberra, 1994.
26. Commonwealth of Australia, *One Nation*, AGPS, Canberra, 1992.
27. Commonwealth of Australia, *Working Nation: Policies and Programs*, AGPS, Canberra, 1994.
28. *Ibid.* p. 57.
29. *Ibid.* p. 52.
30. See, for example, Keating's opening address to the 1995 Australian National Social Policy Conference in Sydney, extensively reported in *The Age*, July 8 1995.
31. Union membership had fallen to 35 per cent of the workforce by 1995. See Evatt Foundation, *Unions 2000: A Blueprint for Trade Union Activism*, Evatt Foundation, Sydney, 1995.
32. See, for example, M. Costa and M. Duffy, *Labor Prospects and the Nineties*, Federation Press, Sydney, 1991.
33. This point of view was particularly strong during the 1980s with its high point being the joint labour movement and government delegation sent to the Nordic countries in 1987 to bring back lessons applicable to Australia. See ACTU and Trade Development Council, *Australia Reconstructed: A Report by the Mission Members to the ACTU and the TDC*, AGPS, Canberra, 1987.
34. As Frankel has noted one of the key contradictions which has emerged during Labor's period in government has been the idea that there could be a transition to the 'productivist culture' associated with Sweden and other Northern European countries at the same time as a comprehensive programme of financial deregulation and free trade was being implemented. See B. Frankel, *From Prophets the Deserts Come*, Arena Press, Melbourne, 1992.
35. See K. Walsh, 'Blood, sweat and jeers' in *The Bulletin*, October 10, 1995 for a summary of recent research on falling working class electoral support for the ALP.
36. J. Marceau, 'Will the Souffle Rise? Australian Business Recipes in the New World Economic Order', *Prometheus*, Vol, 10, No. 2, December, 1992, p. 189.
37. For a more extensive discussion see S. Bell, S. and B. Head (eds.), *State, Economy and Public Policy in Australia*, Oxford University Press, Melbourne, 1994.
38. T. Colebatch, 'How did the economy get into this much trouble?' in *The Age*, February 2, 1995.
39. See K. Davidson, 'First we define the real problem, then apply proper cure' in *The Age*, February 8 1995.
40. See P. Christoff, 'Environmental Politics' in J. Brett, J. Gillespie and M. Goot, *Developments in Australian Politics*, Macmillan, Melbourne, 1994.
41. For the positive interpretation see, for example, P. Travers and S. Richardson, *Living decently: material well-being in Australia*, Oxford University Press, South Melbourne, 1993 and A. Harding, 'Equity, Redistribution and the Tax Transfer System Since the Early 1980s' in M. Hogan and K. Dempsey (eds.), *Equity and Citizenship Under Keating*, Sydney University, Sydney, 1995. More critical perspectives can be found in P. Saunders, *Welfare and Inequality: National and International Perspectives on the Australian Welfare State*, Cambridge University Press, Melbourne, 1994; L. Bryson, 'The welfare state and economic adjustment', in S. Bell and B. Head (eds.) 1994, *State, Economy and Public Policy in Australia*, Melbourne: Oxford University Press, 1994; J.

- O'Connor, 'Citizenship, class, gender and labour market participation in Canada and Australia', in S. Shaver (ed.), *Gender; Citizenship and the Labour Market: The Australian and Canadian Welfare States*, Sydney: University of New South Wales, Social Policy Research Centre Reports and Proceedings No. 109, 1993.
42. EPAC, *Income Distribution in Australia: Recent Trends and Research*, Economic Planning Advisory Council Commission Paper No. 7, AGPS, Canberra, 1995, pp. 80 and 69.
 43. The target in *Working Nation* was 5 per cent but few credible commentators accept this figure. See, for example J. Langmore, and J. Quiggan, *Work for All: Full Employment in the Nineties*, Melbourne University Press, Melbourne, 1994.
 44. See A. Glynn, 'Tackling unemployment' in *New Left Review*, 211, 1995, pp. 33–55.
 45. I. Deveson, 'The Challenge of Change for Australians', in *Business Council Bulletin*, May 1993, p. 29.
 46. F. Argy, cited in R. Smith, 'Caught in the current', *Time Australia* May 15 1995, p. 22.
 47. After widespread public outrage Kennett finally agreed to allow the elections to proceed but still argued that he could see no threat to democracy from the proposal to cancel elections!
 48. H. C. Coombs, in D. Hill, 'Nuggets of History' in *The Age Good Weekend* supplement, August 16, 1995, p. 40.
 49. P. Keating cited in K. Middleton, 'Keating's good citizen' in *The Age*, April 27, 1995.
 50. See B. Frankel, op. cit., *From Prophets the Deserts Come*, Arena Press, Melbourne, 1992.
 51. For an extensive discussion of the connections between the historical traditions and current forms of Labor – and labour movement discourse in Australia, see P. Beilhan, *Transforming Labor: Labour Tradition and the Labor Decade in Australia*, Cambridge, Melbourne, 1994. See also S. MacIntyre, 1985, *Winners and Losers*, Allen & Unwin, Sydney.
 52. W. G. Spence, *Australia's Awakening*, Sydney, 1909, p. 227.
 53. B. Chifley (from the 1949 election policy speech), cited by E. G. Whitlam, *The Road to Reform – Labor in Government, 1975* Chifley Memorial Lecture, Melbourne University ALP Club, 1975, p. 6.
 54. P. Keating, cited in *The Age*, September 14, 1992.
 55. See J. Wiseman, 'The Development and Outcomes of the Victorian Social Justice Strategy', in B. Costar and M. Considine, *Trials in Power: Cain, Kirner and Victoria 1982–1992*, MUP, Melbourne, 1992.
 56. See P. Beilhan, 'Social Justice and Social Democracy' in *Australia and New Zealand Journal of Sociology*, Vol. 25, No. 1, May 1989.
 57. See, for example, H. McKay, *Reinventing Australia*, Angus and Robertson, Pymble, NSW, 1993.
 58. See, for example, D. Harvey, 1989, op. cit. and U. Beck, *Risk Society: Towards a New Modernity*, Sage, London, 1992.
 59. See P. Beilhan, 1994, op. cit.
 60. M. Pusey, *Economic Rationalism in Canberra*, Cambridge University Press, Cambridge, 1991.
 61. D. Watson, 1993, cited in M. Hirst, 'No more "po mo" propaganda' in *The Australian Higher Education Supplement*, July 26, 1995.
 62. See N. Fraser, *Unruly Practices. Power; Discourse and Gender in Contemporary Social Theory*, Polity Press, Cambridge, 1989 and Giddens, 1994, op. cit.
 63. M. Rustin, 1991, 'Life beyond liberalism' in P. Osbourne (ed.), *Socialism and the Limits of Liberalism*, Verso, London, 1991: 171 and 176.
 64. See P. Beilhan, 1994, op. cit.
 65. By late 1995 it had become clear that this picture was changing with all fractions of capital becoming increasingly impatient about the pace of movement towards full labour market deregulation.

66. L. Segal, 'Socialism, Feminism and the Future' in R. Blackburn (ed.), *After the Fall: The failure of Communism and the Future of Socialism*, Verso, London, 1991, p. 285.
67. For a more extensive discussion of these possibilities see R. Leach (ed.), *The Alliance Alternative in Australia: Beyond Labor and Liberal*, Catalyst Press, Annandale, NSW, 1995.
68. See, for example, S. Huntington, 'The Clash of Civilizations' in *Foreign Affairs*, Summer 1993.
69. M. Bienefeld, 'Capitalism and the nation state in the dog days of the twentieth century,' in R. Miliband and L. Panitch (eds.), *Between Globalism and Nationalism*, London: Merlin Press, 1994, p. 102.
70. See, for example, UNRISD, op. cit.
71. See M. Walker, 1993, 'Global Taxation Paying for Peace,' *World Policy Journal*, Vol. X, No. 2, Summer, pp. 7–12.
72. See, for example, J. Brecher, et al., op. cit., P. Ekins, *A New World Order: Grassroots Movements for Social Change*, London: Routledge, 1992, M. Nozick, *No Place Like Home: Building Sustainable Communities*, Canadian Council on Social Development, Ottawa, 1992 and A. Liepitz, *Towards a new economic order: postfordism, ecology and democracy*, Polity Press, Oxford: Polity Press, 1989 and N. Costello, J. Michie and S. Milne, 1989, *Beyond the Casino Economy*, London: Verso.
73. See, for example, P. Marcuse, 'Globalisations forgotten dimension' in *Polis*, No. 3, July 1995, pp. 42–50.
74. See Evatt Foundation, op. cit.
75. R. Mahon, 'The "New" Canadian Political Economy Revisited: Production, Space, Identity' in J. Jenson, R. Mahon and M. Bienefeld, *Production, Space, Identity: Political Economy Faces the 21st Century*, Canadian Scholars' Press, Toronto, 1993, pp. 13–14.

I would like to thank Greg Albo, Mitchell Bernard, Boris Frankel, John Murphy, Leo Panitch, Belinda Probert and Andrew Scott for their comments and constructive criticism on earlier drafts of this article.