

WHITHER LABOR?

by GARY JOHNS

The two major forces in Australian politics, the Australian Labor Party and the Coalition, do not operate in a vacuum, ignorant of the thoughts and intentions of the other. The parties compete for votes, and they watch each other closely. To some extent, the ability to advance policy successfully arises from this competition, so that an analysis of the fall of the Keating Labor government is as important to the Coalition as it is to Labor.

This *Backgrounder* argues that Labor's drive for economic reform began to stall by 1989 and that the electorate had grown tired of the difficult issues involved in that reform. Consequently, a gap opened up in public dialogue into which well-defined and visible issues flowed, backed by well-organised and often publicly-funded advocates. Labor sought to harness these votes in order to regain lost ground. While this strategy worked for some time, the majority of voters came to feel more and more removed from the debate. In the public's mind, their views were taking second place to those of 'minority' opinion.

If economic reform is to return to centre stage, and draw at least tacit approval from the electorate, the vast majority of voters will have to be reassured that their interests are being addressed. The way back to economic reform is not to crush minority views, but to develop national themes that have an appeal across the electorate no matter what the ethnicity, race, sex, or sexual preference of the voter. The lesson for the Howard Government is that if it fails to build a national consensus around non-economic issues, it will probably fail to advance its economic reform agenda.

INTRODUCTION

If the Federal Labor Government had not been defeated at the 1996 election, it almost certainly would have imploded during its sixth term.

Only the enormous discipline of being in government, and the huge authority of Prime Minister Keating had managed to bury a string of policy difficulties that were emerging. Not the least of these was repairing the Federal Budget which, incidentally, both parties chose to ignore during the election, and the pain of which would almost certainly have fallen on the broad mass of taxpayers.

Labor in a sixth term would have faced the need to balance the Budget (or the retirement of government debt), without the sale of Telstra, without the savings from labour market programmes, without the cuts to ATSI and a string of other probable 'irreducibles'. The temptation to raise taxes, especially through the widening of the net of indirect taxes, would have ushered in a virtual goods and services tax.

While its record on employment creation was laudable, it left government with unemployment only marginally lower than when it commenced, and most of the advice to government for lowering unemployment, like further deregulation of the labour market, pointed squarely at its own constituency.

But Labor never was going to win a sixth term, and so it was saved from itself, to govern again at a later date.

Govern for whom though, to what ends? Why would anyone want to join the Australian Labor Party? The issues which stirred over five generations of Australians to join the oldest political party in Australia, and one of the oldest democratic socialist parties in the world, are not so apparent in 1997.

Labor for much of its history was deeply protectionist in trade and industrial matters,¹ and deeply xenophobic and conservative in cultural matters like immigration and race.² In the last 25 years it has been decidedly liberal: free trade, freer wage bargaining, non-discriminatory in race, creed and gender. It was probably that very liberalism though, opening up on so many fronts, from the sale of government assets, to cutting tariffs, supporting women into the workforce, and the human rights agenda, that ultimately led to its defeat.

Unless a citizen was a member of an interest group (disadvantaged or not) such as greens, homosexuals, aboriginals, they no longer felt represented. This feeling was even true for clear winners, such as pensioners or recipients of a host of direct payments such as child care, family and Austudy payments.

Public discourse in the last few years appeared to be for, and run by, those intent on winning their own place in society, or imposing their own view rather than the progress of the society as a whole. The struggle of the visible minorities was not necessarily synonymous with the struggle of the majority.

Society had to wait while every imperfection was eradicated, and society waited so long that it grew impatient. The course of the Labor government was entangled with the continual criticism of the world inhabited by most Australians. Australian citizens were told that they were racist, bigoted, sexist, rapacious, and were being watched by better persons, either in their own government or by international organisations such as the United Nations.

Even the proposed establishment of an Australian Republic seemed to be a demand to give up the past rather than a challenge to create the future.

It appeared that social cohesion was enforced by a consensus of the interest groups, that together monopolised public discourse. There was a code by which one had to live, but the code was remote from the lives of most citizens.

The themes that Bob Hawke brought to government—recovery (economic), reconstruction (infrastructure), and reconciliation (industrial) were universals applying to all citizens. The themes that Paul Keating left in government—rights (individual), receipts (benefits) and reconciliation (racial) were not universals, they were divisive themes. The nadir of the controlled intellectual climate of the Keating government was the Racial Hatred Bill. This was legislation that could never have been enforced and it came to represent the repression of thought as well as speech.

Australian citizens had made some progress in understanding what was required to make Australia a better place, by changing the economy and being more tolerant, but they did not necessarily share those views and resented being told they had to respect them. If the United Nations and the Australian Government had declared a 'Year of Just Getting on with It' the nation would have breathed a sigh of relief.

In short, Australians were and are being asked to cope with an enormous array of changes, many of which they do not like and do not agree with.

This *Backgrounder* will argue that there has been a loss of consensus about the national purpose. The con-

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sequence is that energies are being dissipated on narrow agendas, and the loss of social cohesion will make the pursuit of essential changes to the Australian economy more difficult than at most times in the past.

It will also argue that the ALP is a mainstream party but that it lost the mantle in its last years of government, and that it needs to secure its position as a mainstream party by reforming its structure in the light of the loss of its base (a long time coming but masked by incumbency), and its need for a new legitimacy.

It can retain its philosophy—of the need for collective action through lawful means—but for national purposes, and not just for the purpose of single-interest groups.

Three examples of policies with a national purpose, and which promote social cohesion, will be explored.

A NATIONAL CONSENSUS

Although the underlying direction of the Labor government from 1983 to 1996 was the same—the internationalisation of the Australian economy, and a fair sharing of the benefits and burdens of change—this theme began to fail in the public mind by about 1989. Until that time there were appeals to the electorate to be involved in the major national task, but when the discipline of keeping their eye on the main task proved too taxing for too many, Labor turned to sectoral support. At the 1990 election, Labor's two-party-preferred vote held, with the support of conservationists, and again in 1993 with a combination of expanded middle-class welfare—particularly the easing of means-testing of payments and pensions, the promise of tax cuts to middle income earners, and of course, the demonisation of the Coalition's Goods and Services Tax.

Eating away at that appeal to the major task, however, were the driving agendas of the organised interest groups, the so-called 'minorities'. The full agenda of the groups was outlined by Altman in 1979,³ and indeed predicted by the ALP's National Inquiry of 1979.⁴ As former Labor leader Bill Hayden remarked:

Personal rights, often narrowly conceived, are emphasised at the expense of community duties.... Political policy-making proceeds too much on the basis of appeasing the demands and threats of some of these (single issue) groups.... All of this leads to a growing sense of neglect, of the alienation from the political processes of the vast number of people.⁵

By 1996 the ALP was identified by many as the party of the minorities and their articulate, well-

educated supporters. This caused the party to lose the mantle of a mainstream party, which by definition governs on behalf of the majority, and the majority's definition of the national interest. This does not require a belief that minority interests conflict with the achievement of the majority interests, for only occasionally will the two be irreconcilable. But in a period of triumph for the minorities' agendas there had to be a few triumphs for everyone else: unfortunately, these were hard to come by.

The major political task in 1997 and in the near future is the restoration of the social cohesion that was apparent in 1983 but which declined thereafter, and has not been restored by the Coalition government. Both the ALP and the Coalition agree on the essential elements of the future—a market economy increasingly subject to the disciplines of international competition, government intervention to encourage competition in all sectors, and a welfare safety net that is not universally available—but the means of advancing these are not so apparent.

In addition to the traditional schism of labour and capital and their 'class' backers, there is also a schism of individual rights and the achievement of the national purpose, a working class (poor or comfortable) at odds with an educated, articulate elite determined to eradicate every blemish in society, but in doing so creating a real moral burden for all. This burden is that everyone has become everyone else's keeper in a way more pervasive than the most devoted socialist's welfare state could ever have been. Individual causes have a myriad manifestations, causes for all are often invisible. In terms of political activity, 'relatively unrepresentative groups are usually more effective in manipulating the state than are widespread but diffuse interests.'⁶

This same division of agendas expresses itself within the ALP. It is now bound up with the minority causes its articulate middle-class backers are most interested in. But so many of those interests affront the old base. It has to reconcile these divisions in its own ranks in precisely the same way that the nation has to, and by implication the Howard government. It needs to develop policies that achieve at one and the same time a win for all.

One way to achieve this is to choose themes that incorporate the wishes of both the majority and the minority. Three examples of this approach will be discussed later—drawn from the environment, the social

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structure, and the economy. These three examples are not grand themes like the Republic, but themes nevertheless that produce an outcome that most can share. These are, that:

- A given number of people will share in the wealth, and share in the responsibility of caring for this country;
- Almost all Australians live in, or did live in, or want to live in, or want to live in again, a family;
- All Australians want to work (or have a recognised role in the society).

Politics often involves creating agendas, and the minorities' agendas have squeezed out those that have more universal application. The political challenge is to create universal themes that, while not antithetical to the

rights of individuals, direct energies to common causes. This is a role that only government can perform, and is in stark contrast with the role of the courts, for instance, which generally make ad-

vances for individuals or small groups by exception. These wins for gays, greens, feminists, or indigenes intensify the belief that all matters are amenable to legal remedy. Unfortunately, the agenda for legal redress grows (as with the call for a Bill of Rights) to such an extent, that it goes to the question of resources of 'who gets what',⁷ and these are matters for politics and economics which inevitably end with political solutions, decided by political means.

The ALP needs to develop policies that create a comfort zone for the electorate, policies that are clearly in the interests of the nation, but explicitly for the 'majority'. Before doing that, however, the party needs to understand why it was defeated in 1996, what lessons can be drawn from its period in government, and what changes the party must undertake itself.

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REASONS FOR THE 1996 LABOR DEFEAT

There is no doubt in the mind of Malcolm Mackerras why Labor was defeated: 'The result in March 1996 has a single and simple description. It was the general election of March 1993 delayed by three years.'⁸ But even if he is right, there is the need to explain why that defeat occurred. Polling conducted for the ALP by UMR Research Pty Ltd on election day indicated that

the 'it's time' factor was most important: 34 per cent of respondents ranked it first. Like the Mackerras explanation, though, it really only explains when, not why.

The loss of seats was not uniform throughout the nation.⁹ The national two-party-preferred swing was 5.1 per cent, but the damage to Labor was in three States in terms of the votes: Queensland 8.6 per cent, New South Wales 7 per cent and South Australia 4.6 per cent. In terms of seats, though, the damage was in New South Wales, 13 seats lost, and Queensland, 11 seats lost. The simple explanation is that the Labor vote and the number of seats held was historically high in New South Wales and Queensland, so they had most to lose. Both had unpopular State Labor administrations which helped to set an adverse mood compounding the adverse mood generated by Labor federally. But setting the mood does not explain the mood.

Labor's loss was a parting of the ways between Labor and its constituency:

The Government had made as many changes and more as it [thought it] could get away with and in return the electorate had squeezed as much as it could from this particular Government. Labor had pushed its constituency on privatisation, workplace change and human and civil rights and the constituency bled as much as it could in transfer payments—pensions, benefits, parenting allowances, child care rebates etc.¹⁰

Barry Jones MP notes that 'losing the election was the second worst consequence ... the worst was the realisation that we deluded ourselves that there was national consensus on issues of race, sexuality, gender and tolerance, and acted accordingly'.¹¹ The theme was reinforced by Lindsay Tanner MP, who wrote under the heading 'Restraining the New Elite':

Labor's doctrine is now dominated by a world view of the tertiary educated generation of the 1970s ... the Keating Government agenda of deregulation, internationalism, multiculturalism and aboriginal reconciliation was dominated by this generation's outlook.... Unfortunately much of the rest of Australia, including large sections of Labor's base, does not share these views, they no longer merely tolerate or ignore these, in the 1996 Federal election many actively rebelled against them.¹²

Governments are usually defeated for economic incompetence or because of an association with bad economic times.¹³ This was true of the Whitlam Government 1972–1975, and the Fraser Government 1975–1983, but even accepting the 1993 election as an aberrant result, the 1996 defeat displays a much wider and deeper set of causes than economic issues.

The most exhaustive list of explanations has been compiled by Barry Jones MP (summarised in the Endnotes)¹⁴ which reinforces the wide variety of possible causes for Labor's defeat. Laurie Ferguson MP, representing an inner-city Sydney Labor seat with a high concentration of ethnic voters, was clear in his explanation for Labor's defeat. In his estimation:

The two big negatives for the Government were the questions of migration and multiculturalism. Unfortunately, the party became convinced that dancing polkas and going to the mosque means that some Iman can deliver 20,000 votes to you tomorrow morning.¹⁵

Another important theme is explained by Bob Hogg, former National Secretary of the ALP:

In 1989, there was the first sign of the government abdicating responsibility when it essentially handed over environment issues ... to interest groups ... over the last three years politics became very bad. When a Minister hands over to a constitutional lawyer the future of his ministry..., like Hindmarsh Island, well that is an abdication of political responsibility, and you're asking for trouble.¹⁶

There was the enduring 'Great Angst', the phrase coined by Hugh Mackay in *Reinventing Australia*,¹⁷ which, if applied to the election would apply to a government of Labor or Coalition persuasion. The mood of anxiety applied to the whole list of changes taking place in society, and the accumulated grievances that the electorate held against Labor. As Hugh Emy explains, 'after a decade of upheaval many voters simply wish normal service to be resumed'.¹⁸

THE TRUE BELIEVERS

Who did and who did not vote Labor in 1996?

Labor's traditional base, the blue-collar working-class vote, has been sorely tested in the last two decades. Gone is the certainty of employment and the value attached to certain acquired skills. Gone are even some of those skills. Life at home is not the same, nor are the schools, nor even the football teams. So much has changed that any Labor base is hard to recognise, or so it would seem if old labels are used to identify the base. If the archetypal Labor supporter was blue-collar male (and by association his wife) in full-time employment, in a highly unionised workplace and, in Keating's famous term, 'rusted on' to the ALP, then the future looks bleak for Labor.

All the elements of this picture have changed dramatically in recent years. There are fewer workers engaged in manual work, fewer of these are based in highly unionised workplaces, many of the jobs are part-time and many of the workers have retired early. The spouse is more often than not working, and more likely to engage in a wider circle of life beyond the home.

On the other hand, white-collar workers, many of whom are women, are employees (supposedly the defining element of the struggle between capital and labour) and so some of the change to the picture is just re-labelling.

Somewhere between re-labelling and fundamental shifts there are elements at work that may change significantly the 'worker's' attachment to Labor:

- Less peer pressure arising from the workplace, including the highly unionised public sector, where employment has dropped from 26 per cent of the workforce to 19 per cent between 1979 and 1996.
- The experience of women being more autonomous than was once the case, particularly through their greater participation in the workforce.
- The large rise in the number of self-employed—from 9 per cent in 1979 to 20 per cent in 1996—who are now on the other side of the employer/employee or labour/capital divide.
- The large rise in the early-retired, whose source of income is no longer dependent on a wage, but on the return from capital.
- Denial of the need to fight for protective industrial relations measures that are now in legislation (which is not to argue that it will always be thus)—the problems of the 'free riders'.
- A rise in the level of affluence for a large number of individuals, such that the struggle is not what it was and the needs not so urgent.

These changes mean that Labor cannot take any segment of the electorate for granted. While Labor's political leadership knows that only too well, some are hopeful that a new coalition of interests will emerge to bridge some of the new divisions.

Mark Latham MP argues that the size, rather than the source of a people's income will be the determining influence of their economic and political interest:

The economic interests of semi skilled, blue-collar workers now have more in common with a small retailer (technically an owner of capital) in the main street of Werribee than a multi media specialist (part of the labour force) ... working in South Yarra.¹⁹

Debate on the nature of the Labor base will continue for a long while yet. Some will argue that the working class has just changed its colour from blue to white-collar,²⁰ while others argue that, in a post-in-

dustrial society, values have changed such that some voters are less concerned with physical and material security and more with individual rights and personal development.

Both of these views may be valid. There are white-collar workers who have working-class attitudes and voting behaviour, but there is also a new set of values afoot, post-materialist values that may or may not be averse to Labor voting, but which are at odds with 'older' materialist 'working-class' values. The battles between the Greens and the forestry union workers over woodchip exports is the prime example of a reversal of class allegiance for Labor.

The 1990s' elections as a whole, though, surely indicate that voters will shift back and forth between the parties depending upon the importance of the issues and how well the party represents the voters' views at the time, and be less inclined to vote on the basis of previous allegiance.

The same can probably be said of the 'ethnic vote' which supposedly attaches so heavily to Labor. As Laurie Ferguson has stated (above) this claim is vastly over-rated, and was almost certainly never universally true. The origins and the length of time in Australia of immigrants are determinants of the ethnic vote, and that allegiance is not as monolithic as public policy appears to take for granted. As Economou concludes:

Ethnic voting is in fact a subset of blue-collar voting, and as such is part of Labor's core blue-collar constituency. However, in terms of transfer of seats ... ethnicity is not a major factor in Australian elections.²¹

Others are not so convinced,²² but note that support for Labor among Southern Europeans declined by 3 percentage points between 1993 and 1996, compared to their Australian-born counterparts, and that Eastern Europeans returned to their pro-Coalition voting pattern after moving to Labor in 1993.

On the surface, Liberal Party research seems to have borne out Kemp's²³ predictions of long ago that Labor's base would dry up along with the middle-classing or embourgeoisement of the Australian electorate. The 1996 election showed:

That Labor's vote among the blue-collar workers fell from nearly 50% in 1993 to 39% in 1996. The Coalition blue-collar vote jumped 5 points to 47.5% ... Labor's vote among Catholics followed a very similar pattern with the Coalition turning an 8 point deficit in 1993 into a 10 point lead in 1996—47% to 37%.²⁴

Liberal Party Federal Director Andrew Robb's explanation is convincing:

It owes much to Labor's attempts over 15 years or more to chase the votes of the socially pro-

gressive, often highly educated, affluent end of middle-class Australia. However, along the way Paul Keating and his colleagues came to reflect far more closely the value and priorities of this narrow, affluent, middle-class group—values and priorities which in many ways are quite at odds with the values and priorities of workers and their families.²⁵

There is some bitterness about this in Labor ranks. Witness Mark Latham's comment that: 'as a long serving government we attracted a generation of hangers-on. In Opposition the chattering classes have already started to move on. Some still look to be lost in the Dandenong Ranges'.²⁶

The fact is that Labor hunted for votes among non-traditional constituencies and was for a long time electorally successful in doing so, but there came a time when some of the themes of its two bases were irreconcilable. That does not imply that the Coalition now owns the 'battlers' or that Labor won't be competitive again. The parties are much too wise for that.

LESSONS OF GOVERNMENT

It appears that political parties can be less sure in the future of the allegiance of voters. Although 78 per cent of voters in 1996 identified with one or other of the major parties, 16 per cent rejected any form of party loyalty, three times the proportion in 1987.

A quarter of a century ago, 9 out of every 10 voters identified with one or other of the major parties, and 1 in 3 were strong partisans. Today, less than 8 of 10 identify with the major parties and less than 1 in 5 are strong partisans.²⁷

In short, Labor faces a radically different market for votes to the one it started to serve in 1983, and the one it was preparing to serve for seven years prior.

It faces that market, however, with some important lessons from the Hawke–Keating years, which in turn built on the lessons of the Whitlam years. In stark contrast with the Whitlam years, the Hawke–Keating Governments were initially very disciplined. It was a determination to have a Labor reign, not just a government or two. And yet a reign can be too long, governments run dry, forget why they are there, lose their best and brightest advocates through fatigue, or damage relations with their own base by going to the 'well' too many times asking for changes that are not in the Party Platform, nor even in the mind-set of the broad mass of supporters.

Just as Labor learned the lessons from the Whitlam years, a number of lessons arise from the Hawke–Keating years which will have to be contemplated by a future Labor government:

- Australian citizens have truly become their brothers' keepers. There are now so many visible causes, needs and victims that there is 'compassion fatigue'.
- Power was ceded to the non-elected, to client groups and institutions which ran their own agendas, and ignored the needs and wants of the vast majority of Australians.
- The electorate did not share the same vision of the future as the government, so they became distracted, even withdrawn.
- Discipline of government creates its own hierarchy of authority and ideas, which can cause remoteness which becomes worse with longevity.
- When government sets the electorate a task it should thank them, and report on progress and failure—i.e., 'Government as coach'.

The opening up of the role of the Federal government in 1972 and its continuation unabated has created a paradox. Federal governments have appeared to be all-powerful and have taken on a huge array of issues, but ultimately lift expectations as they do so. In the face of so many changes the government thus appears to be less powerful than it is because it cannot satisfy all of those heightened expectations.

Labor also faces a radically different market for policy. It is unlikely that a future Labor government would reverse any of the major changes of the Howard Government, not to mention a number initiated by Labor. Telstra, ANL (Australian National Line), the Commonwealth Bank, the Commonwealth Serum Laboratory, the Federal Airports Corporation and a host of others would certainly not be re-purchased. Tax incentives for private health insurance would not be abolished and nor would (if introduced) Medicare co-payments and a goods and services tax.

What would be left to do? Both sides of politics would have tried out their policies to reduce unemployment—Labor's massive retraining schemes, and mild changes to the labour market; and the Coalition's minimal retraining schemes and more radical change to the labour market.

Labor obviously cannot persist with its 'socialist objective'—the socialisation of the means of production, distribution and exchange—but it can continue in the tradition of parties like the German Social Democrats, that 'the law and the state, not the invisible hand, ultimately protected the community from the anti-social consequences which could result from giving too much rein to market forces.'²⁸ This is consistent with

Whitlam's recent recalling of his 1969 Election speech as Labor leader, 'We of the Labor Party have an enduring commitment to a view about society ... opportunities for all citizens ... can be provided only if governments, the community itself acting through its elected representatives, will provide them.'²⁹

The social democratic philosophy does mean, though, that the ALP is more likely to be both more sympathetic and more vulnerable to the wishes of the 'minorities'. The term 'social justice' has become the ALP's catch-all concept to attempt to incorporate the diversity of 'single' issues to come before the ALP, but it is not universally accepted within the party. At Federal Caucus meetings in the 1990s, Members would often ask (tongue-in-cheek), the leading proponent³⁰ of the term to explain the 'social justice' implications of some obscure matter, like a Bill to do with pig production! Such calls served as a reminder that it was better to say 'no' to a constituency than to justify the demand in the name of a particular philosophy.

Some argue that the ALP has lost its way because it was too much the social democratic party, that there has been an 'emptying out'³¹ of the Labor tradition in the past decade-and-a-half. Much of that emptying out, however, was a discarding of a more radical language (socialist), that was itself a long way from Labor tradition, which in the main has been quite pragmatic.

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PARTY LEGITIMACY

The challenge for Labor is not so much to contemplate its philosophy, but its role. The challenge that it has in common with the other major parties is a loss of public faith that has accompanied a decline in membership, and a propensity to shift to independents, single-issue groups, and to pursue action by direct means, such as through the courts.

The ALP is a mainstream party, and as such must advance the interests of the majority, and be seen to do so. It must also establish what the interests of the majority are, as well as those of minorities, and indeed the national interest. In the latter, in particular, its role in Australian political life is to lead (along with other mainstream parties) the debate about the future of

Australia. This is a role that single-issue groups and non-party Members of Parliament find difficult to achieve. A Parliament of independents could of course deliberate and vote, but in the course of so doing, would probably begin to develop 'tendencies', or meetings of like-minded people, and eventually to caucus, and even to form a party.

The electorate's apparent fascination with independents like Pauline Hanson who, despite her enormous media coverage, only commands (a word used advisedly) around 5 per cent of opinion poll support, is clearly a sign of frustration with the apparent powerlessness of government to deliver all that the electorate wants. It

is highly unlikely, however, that independents will ever play more than the classic role of 'populist', delivering to the voter, in Ronald Reagan style, tax cuts and no reduction in services but a blow-out in the budget. In any case, such opportunities only arise in the circumstance where the independent has the balance of power, and then is used not so much to veto government policy, but to exchange a vote for a reward to the Member's constituency, as is the case, for example, with Senator Harradine.

The challenge for Labor and the Coalition is that their membership is now so small that they cannot pretend to be mainstream in terms of their base, but must remain so in terms of voter appeal.

The issue arises, who, if not the narrow band of members, is to select the candidate for party endorsement? If the electorate at large is to choose, for example through a system of primaries, then apart from the practical difficulties of requiring party registration, many of the advantages of the party system are likely to be lost. The disciplines imposed by parties, for instance by the threat of dis-endorsement, or more positively the protection afforded Members of Parliament (because voters respect the strength of parties that are united), act as a restraint on populism.

The ability of a party to provide support to Members in the face of elector criticism is, especially for anyone interested in economic reform, a crucial part of the democratic process. To diminish that instrument is to diminish the instrument of government itself, and is clearly not in the interests of the advocates of long-term economic reform, even that section of whom seek smaller government.

Who now owns the ALP? Is it just a brand name consisting of professionals running the show for their

own purpose and using considerable public funds to boot? In this regard the National Committee of Inquiry Report, which was established following the 1977 election, reads as a remarkable premonition of 1997. The constituencies it identified for special attention are, because of the way they were handled, the very ones that hastened its demise. For example, the ethnic component of the party has been so well-entrenched that it is difficult to have a debate on immigration or multiculturalism without the fear of reprisal.

The pre-selection of Martin Ferguson for the inner-Melbourne seat of Batman was a clear signal from the National Executive that the branch-stacking based on ethnic minorities had damaged the party. In terms of organisation, the ethnic 'bubble' had burst when the ethnically-correct Labor candidate for Wills was twice defeated by the independent, Phil Cleary, following the retirement of Bob Hawke from the seat of Wills in 1992. Despite Wills and Batman consisting of a large number of voters of non-English-speaking background, this did not translate into a solid ethnic Labor vote, nor should it have been assumed.

The feminists' hold over Paul Keating (though not the party), was quite out of character for him and still unexplained as to its force during the 1993 election. The announcement of improved child-care subsidies to working mothers (and fathers) during the campaign brought such a swift and loud howl from mothers at home, that the subsidy was immediately broadened to incorporate all parents. This episode brought home the distinction between women's views and feminists' views. Although Labor did bridge the gender gap:

it was not Labor's 1993 campaign that was essentially attractive to women, but the level of women's support for Labor in 1993 was mostly due to ... gradual changes over time.³²

In organisational terms, Labor has struggled mightily to incorporate more women in its parliamentary representation, especially following the 1994 Conference decision on affirmative action. But the electoral tide proved more powerful than affirmative action, with a large number of Coalition women being elected for the first time, and few Labor women being re-elected. While this is more bad timing than bad organisation, the failure to recruit women to the Labor ranks is a difficulty that may be overcome in time, but the number of young men who have spent 10 or more years working away at securing a seat are not going to give way easily to new female participants.

While any political party can be subject to takeover, that should not imply that the ALP is but a franchise, a product that prospective candidates can purchase before running for election. One test of this thesis is whether a reasonable proportion of candidates shop

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around, in other words, have been a member of another party. The Australian Candidate Study³³ casts doubt on the thesis, reporting that, of 434 candidates at the 1996 election, 97.2 per cent of ALP candidates had never been a candidate for another major party (Liberal, National, Democrat). The figure for Coalition candidates is 90.9 per cent if those swapping between Liberal and National are included.

The ALP's decline from mass party status has been a long time coming. 'In 1939, 53 in every 1,000 Australians was an ALP member: now [1991] less than 3 in every 1,000 is'.³⁴ The extent of the ALP's claim to be a mass party died at the time of the 'split' in 1957 and the loss of members to the DLP and elsewhere. In

the years of falling numbers, there was a flight of activists to other parties and movements. To that extent the party has often been a training ground or staging post for political activists. Of course, the period 1983–1996

was extraordinarily difficult for the party because so much that members understood to be policy was jettisoned. Many accepted the changes (and many did not) in the belief that the party had a responsibility to the nation. So part of the fall in numbers in the period was as a direct result of incumbency.

The decline in party membership is not just confined to the ALP. Senator Minchin has voiced his doubts about the Liberal Party's legitimacy, with its membership in South Australia declining from 30,000 to 10,000 in the last 20 years.³⁵

The loss of the ALP's status as a mass party warrants some change to its structure and processes. In a mass organisation, public scrutiny is not essential, as sufficient numbers are involved to lend legitimacy to the organisation. In a smaller party, though, legitimacy must be proved by ensuring open and visible processes.

If legitimacy has been diminished with the decline in numbers of each of the major parties, then one way of restoring it is to ensure that important party processes, like policy-making and candidate selection, are open and visible. If the voter can see how policy is formulated, and how candidates are selected, the gain will be considerable.

The pivotal role of the branch member is to form part of the electoral college for pre-selection. Other roles like engaging in debate for the purposes of policy formulation, and for fund-raising are more local affairs to assist the candidate or act as a sounding board. They do form an important part of electoral feedback,

but in the main the relationship is more teacher–pupil than delegate–advocate.

On the question of candidate selection the ultimate step may well be legislation on party plebiscites and scrutiny by the Australian Electoral Commission (discussed elsewhere by the author)³⁶ as is the case in union ballots. The use of primaries is another, though somewhat extreme variant, but with the amount of public funding for elections and for the reasons of legitimacy stated above, these ideas are likely to gain currency.

The policy process must also be subject to public scrutiny, and as a by-product become more democratic. ALP national conferences have, since the 1979 conference, been very public, as Labor leader Bill Hayden remarked:

For a decade now, the Labor party has been concentrating on broadening its structures and opening them more and more to public scrutiny.³⁷

This was especially so when the National Committee of Inquiry Report³⁸ noted that the basic structure of National Conference had not changed since 1902, and called for a larger and more representative body with direct representation of party members. The former has been achieved but not the latter. The conference has doubled in size during the 1983–1996 period, and is a showpiece of Labor policy-making in action. It is not, however, built on the direct representation of unions or branch members. It retains its federal structure with most delegates being elected in teams from State conferences.

Unfortunately, National Conference is totally beholden to the factional system based in each State. The recommendation of the National Committee of Inquiry,³⁹ that delegates be elected by and from federal electorate organisations, was roundly rejected.

This highly centralised and restricted form of representation of the National Conference is a major roadblock to policy formulation in the years ahead.⁴⁰ The best way to revitalise debate—and public faith in the debate—in the Labor Party is to allow competition at electorate level for positions at National Conference. Although this solution does not guarantee a broader range of views, and has been raised before,⁴¹ it would not only send a powerful signal to the membership that they can make a difference, but to the public that the ALP represents mainstream interests. This process could become the equivalent of the 'primaries' in the USA parties, in this case with application to policy rather than pre-selection.

THE ALP'S DECLINE FROM MASS PARTY STATUS HAS BEEN A LONG TIME COMING. IN 1939, 53 IN EVERY 1,000 AUSTRALIANS WAS AN ALP MEMBER: NOW [1991] LESS THAN 3 IN EVERY 1,000 IS

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The added element in the ALP's role is its link to the trade unions. Despite the occasional call to sever the links between the ALP and the trade unions, to do so would simply deprive the party of a great deal of organisational support and income. Rather than distance itself from a very important part of its base, the ALP should ensure that the representation is open, democratic and adequate.

Unions have a large degree of power over State conferences, not only because of the mandated proportion of delegates to which they are entitled, but also because those delegates invariably vote as a block.

The trade union influence over the ALP would be modified if union delegates to party conferences were elected by the union membership directly, rather than hand-chosen by the secretary in the time-honoured, winner-take-all manner.

POPULATION POLICY

Besides changing its structure and processes the Labor Party needs to construct a new coalition of forces that will not only bring it to power but also sustain the national purpose. The key goals of a decent standard of living for the greatest number, and the social cohesion of the society must be realised on a sustainable basis, that is, by protecting the environment.

Irrespective of advances in non-polluting and resource-efficient technologies, there is a correlation between damage to the environment and the number of people using it. Australia will make a far better fist of protecting its environment if there are fewer people using it.

If the one responsibility a government has to its constituents is to look after them, then the sustainability of a population is critical. There is a convincing body

of evidence suggesting that Australia needs a population policy; that governments need to start thinking about stabilising population growth. The debate echoes calls from an earlier period, best explored by Charles Birch, who concluded

that 'Australia has a particular responsibility to establish a stable population, to maintain its own quality of life and to use its resources to raise the quality of life in neighbouring countries.'⁴²

THERE IS A CONVINCING BODY OF EVIDENCE SUGGESTING THAT AUSTRALIA NEEDS A POPULATION POLICY; THAT GOVERNMENTS NEED TO START THINKING ABOUT STABILISING POPULATION GROWTH

The largest element of current population growth amenable to government control is immigration. To follow the argument of Cocks,⁴³ Australia should try to stabilise its population as soon as possible. He argues that this can be achieved by restricting the annual net migration to fewer than 50,000, in order to produce a stable population of between 20 million to 23 million by 2045. The 1996–1997 net immigration figure will be about 50,000: in other words, the policy of stabilising the population is readily achievable.

The ALP has recently released a discussion document⁴⁴ which indicates a move in this direction. The recommendation to be presented at the next National Conference, is to seek a policy for a net immigration target of between 50,000 and 80,000 per annum which implies a population of 23–30 million by 2045. These figures were based on a House of Representatives report,⁴⁵ and seek to obtain a mid-point between the report's 'population stabilisation' and 'modest growth' options.

The reasons for the current level of immigration are not the same reasons as when the policy commenced. The original arguments about immigration—for defence and to take Europe's poor and displaced after the wars, and as a stimulus to development—are no longer valid. The real reason is to win the votes of the immigrant community through the family reunion programme.

The defence and broader 'populate or perish' arguments are now a nonsense. Australia can never have sufficient population to be safe from invasion (should anyone wish to invade us) and there is no convincing evidence for economies of scale arising from a larger population, and so no reason on that score to keep growing. The moral argument is looking shallow, not the least because Australia's intake of immigrants is so small in world terms, and because many of our immigrants have high levels of skill and are not the 'poor' of the world by any stretch of the imagination. Our humanitarian refugee intake is the real moral base of immigration and as such should remain.

Stephen Fitzgerald's 1988 report on the immigration programme⁴⁶ warned the government at the time that there was no convincing rationale for Australia's immigration programme, and as a consequence very poor public support for it. The Australian population has overwhelmingly disapproved of the level of immigration to Australia under both Labor and Coalition administrations for many years.

That rationale is even thinner today. The immigration and race debates of the past months and years have been horribly miscast. The racial elements of the immigration debate are often raised as a defensive ploy by the supporters of immigration, which is a shame, be-

cause race has not been a serious element of the immigration debate—in the sense that any major political party has advocated a racially selective programme—for a generation.

To the extent that there is some racism amongst mainly working-class Australians, it probably arises because the working class live near new arrivals. The middle class never get closer to a new arrival than a popular ethnic restaurant. The working class, on the other hand, are confronted (many quite happily) with the disappearance of their own shopkeepers to be replaced by new unfamiliar names, products, language, signs and odours.

As Hage⁴⁷ observes, though, ‘people are racist one second and not racist another second, or racist or not racist at the same time’. This is simply the product of settling in with new neighbours, and is not a cause for serious disquiet as some would have it.

A level of immigration low enough to allow Australia’s population to stabilise within a generation would allow the Labor Party to win significant support from its own blue-collar base, while at the same time maintain the support of the middle-class ‘post-materialists’. The ethnic lobby should not be at all insulted by such a policy because it is not an anti-multicultural move. The only losers will be the branch stackers in the major parties who have used the ethnic communities mercilessly to build a power base. A population policy could give Australians a rest from one set of policies being thrust at the electorate, and for the most venal of reasons.

Australia has been opened up to the world already, this is not 1945, and this is the next step in the population policy a full 50 years since the great waves of post-war immigration commenced. While the number of new permanent residents in Australia measures in tens of thousands per year (60,000–140,000), the number of visitors and temporary residents is around 2.5 million per year. In other words, the extent of Australia’s interaction with the world is vastly greater than its immigration programme. An immigration policy based on population stabilisation will not harm or even impede Australia’s interaction with the rest of the world.

The number of Australians today who, on a regular basis, have significant interaction with other parts of the world—through trade, tourism, cultural and sporting exchange—is vastly greater (accounting for population size) than was ever the case at the height of our intake of migrants.

The politics of population policy may be difficult, but they will be overwhelmingly positive both in national interest terms, and most importantly will allow the ‘majority’ to have a win, and to be seen to have a win.

FAMILY POLICY

There is quite another constituency to be regained for Labor, and that is the growing number of people who are struggling with the breakup of marriage and its aftermath. The historian Laurence Stone observes that ‘the scale of marital breakdown in the West since 1960 has no historical precedent and seems unique. There has been nothing like it for the last 2,000 years...’⁴⁸

Such events are not class-based. Both rich and poor divorce, and fight just the same for the custody of children, and over the division of the assets of the marriage. The change to family law, the no-fault basis of divorce and the recognition of each partner’s contribution to the marriage are unassailable policies. However, they have drawn government more than ever into the lives of more Australians and to some extent bring the purposes and standing of government into dispute.

If votes change on the basis of strong feelings, then the response to the Commonwealth Parliament’s Joint Select Committee on ‘Certain Changes to Family Law’⁴⁹ was a goldmine—or perhaps just a minefield for politicians. The solutions to these problems are not at all obvious, but there is a need to change the approach.

Especially following the passage of the *Family Law Act 1975* and the development of the Family Court, government has sometimes been tagged as referee in the breakup of marriages and sometimes as perpetrator of broken marriages. This is a position from which government can never win. Government has to be in a position to assist individuals to sort out their own problems having first told them of the need for stability in family life, and the responsibilities for and pitfalls of failure.

This is not a regression into moralising, rather it is a signal that the government will attempt to protect an institution that is still overwhelmingly preferred as a living arrangement by most Australians. Governments do not have to feel frightened of offending the singles as a constituency, or the women’s movement who want women to break out of unsatisfactory marriages, or gays who argue for the legal recognition of their relationships. Rather, it is reinforcing and being seen to argue the case for the importance of marriage, especially for the purpose of raising children.

Like the immigration debate, the first phase of policy has outlived its rationale and that rationale has now become a hindrance to a larger purpose. So too with marriage or family policy. The no-fault divorce laws (commencing in 1959 and enhanced in 1975), have achieved their aim of allowing partners to separate

where necessary. But the institution itself has changed. Marriage has been strengthened as a more equal relationship but the 'new' marriage requires stability for the sake of all those who enter it, and all those who want it to remain.

As Trainor states:

A divorce law should attempt to recognise both the liberal concerns that spouses should have the freedom to exit from marriages that they find intolerable and the conservative concern that divorce laws should protect and reinforce the stability of family and the framework of stability it provides for them.⁵⁰

One of the most powerful statistics that argues for some further debate in family law, in addition to the considerable body of evidence that suggests that marriage is generally good for the well-being of both partners and their children, is that:

as many as 50% of men and at least 25% of women feel later that divorce was the wrong decision and wish they were still married.⁵¹

If one assumes that this is the regret of the initiator of proceedings then clearly a great deal of pain and money could be saved. The questions are, whether government can achieve any success in this field, and whether the issue requires either more, or less, or perhaps just different, forms of intervention.

There are two valuable suggestions that deserve serious consideration. Maley⁵² seeks to amend family law in order to open up the possibility that proven 'fault', or serious misconduct in a marriage, should influence the determination of the ancillaries of a divorce settlement.

An application for divorce would go ahead as now after one year's separation, and the divorce would be granted as at present. However, a partner responding to a divorce application would have the option of charging the petitioning partner with serious misconduct or failure during the marriage and demanding that the Court should take this into account in determining the terms of settlement.

The other suggestion, by Edgar⁵³ does not seek to regain the former and formal significance of the marriage contract, but rather to acknowledge the contract as a contract, by way of insuring a better preparation for marriage. He argues that since the one ground of breakdown in a relationship has been enshrined in law, it must be assumed that both parties contribute to that breakdown even if it is known not to be true and that, for instance, one or both are bad characters. Edgar does not advocate a return to the notion of fault and acknowledges that there are criminal sanctions—for example, for wife bashing, family violence and child abuse. However, there are no legal remedies for the lack of satisfaction of a poor marriage.

Edgar's solution to what he calls the revolution of the rise in expectations of marriage is for a more sensible approach to marriage preparation and what might reasonably constitute a 'good enough' marriage. The way to encourage better preparation is to change the focus of the law from after separation to before the marriage contract is signed. The law could make every couple intending marriage to work out in advance a 'Marriage Agreement' that specifies which pieces of each individual's property will become shared assets, which will be excluded from it, and which pieces will be assumed to develop as joint property as a result of the agreed union. Further, such a contract should be drawn up following a complete exploration of all facets of a married life including domestic arrangements, the care of children, and so on

Family law is in effect back to front, in the same way that marriage counselling is being put ahead of marriage education. Few societies have allowed marriages to proceed without a clear understanding of who gains the assets of a marriage once the marriage is dissolved. Being aware of the consequences of marriage is especially important in a society where traditional customs have been weakened or no longer exist. Specific conditions for each marriage should be negotiated upfront to suit the diverse circumstances of couples who chose each other freely and on an individual basis.

There is a warning⁵⁴ of this contractual approach, that there might arise two forms of contract, a solid legally-enforceable private contract and a merely ceremonial legally-unenforceable public contract. Nevertheless, these two approaches, one before and the other following the dissolution of marriage deserve serious discussion. Once again, a political party should not be frightened away from the debate by those who believe they own the policy because of 'wins' in recent years. Marriage is at the centre of family life, and family life is an important part of the happiness of the nation.

Whether it is amenable to public policy intervention is debatable, but given that government and the law has its hands on the marriage contract presently, it is hardly breaking new ground to re-enter the debate.

What is more, a government should send a signal that it is attempting to bring stability to an important area of the nation's life, even if part of the reason is to provide an area of policy respite, knowing that further major changes will have to be made in other areas of public policy.

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EMPLOYMENT

The area where much change is yet to be made is the Australian economy. Unemployment is surely the root cause of enormous misery in Australian society. All manner of problems arise with high levels of unemployment, from divorce, to poverty, to youth suicide.

There is a danger of a failure of resolve on the part of government to tackle the problem or to allow the employed public to accept the fact of high unemployment.

The key political value goal espoused in this paper is social cohesion. The key political strategy is, in the two chosen examples, to give the majority a win on population policy (and reconciling the positions of the environmentalists and the majority), and a more stable approach on marriage (providing an island of policy stability). This may then free some energy to re-enter the most important debate, ensuring that all those who want to work can.

The latest in a long list of estimates of the level of unemployment suggests that:

85% of the workforce are employed and living well as 'insiders', 15% are unemployed, under-employed or disguised unemployed and poor 'outsiders' concentrated in low social economic neighbourhoods marked by low labour force participation, high unemployment, poor educational achievement and poor health.⁵⁵

Dorrance and Hughes argue that unless fundamental policy changes are made speedily, the insider proportion of Australia could be reduced to 80 per cent, leaving 20 per cent, or one person in five, to be poor outsiders. These words echo Langmore and Quiggan: '...about three quarters of a million people who would like to work are unable to do so.'⁵⁶ But Langmore and Quiggan suggest solutions at vast variance to those of Dorrance and Hughes. The former argue that there is no shortage of jobs that need to be done, and advocate a major expansion of employment in publicly-funded community services. The latter advocate a broad agenda of micro-economic reform, in order to improve the productivity of labour and capital.

So who to believe? Is the 'problem' caused by unions or capitalists, does the solution lie in the dictates of rational economics, or in overthrowing them?

The broad elements of the debate over the economic future of Australia have been fairly and reasonably encapsulated by Argy⁵⁷ with respect to a long-term economic strategy, including the national debate on savings.⁵⁸ It appears that there are clear directions and disciplines which will have to be undertaken by Australian governments so that each of the intermediary ob-

jectives—such as sustainability of low inflation, high levels of savings, and speedier growth—are to be achieved. Within that framework, and placing to one side the logic of being able to buy the nation's way into full employment which appears to be the major argument of Langmore and Quiggan, Labor has to ask itself what particular part it can play in achieving the goal of sustainable full employment. Further, it has to answer that question in a manner that does not appear to be adverse to the interests of its own constituency.

The most trusted approach has been through the Accord process, the agreement between the Labor government and the peak trade unions which, in its many manifestations, sought to break the links between prices and incomes.

The prices and incomes policies devised by Labour parties have now had a very long history. British Labour Prime Minister Harold Wilson⁵⁹ made much of the idea during the term of his governments, though Labour in Britain could not implement a successful prices and incomes policy before they fell to Margaret Thatcher's conservatives.

In Australia, it was the work of Sheehan⁶⁰ amongst others, who introduced some plans for a local version of a prices and incomes policy. The terrible experience of the Whitlam Government's attempts to control prices, in return for wage control, damaged relations between Labor and the union movement. Bob Hawke, as president of the ACTU, was the architect of the wage-rise push seeking to compensate workers for the sharp rise in prices being experienced at the time. While no incomes policy could have coped with the sharp rise in prices in the period in question, a successful one may have mollified the worst excesses and consequences of that period, the massive level of unemployment which followed and continues today.

As Sheehan argued, all governments have an incomes policy just as they have budgetary or monetary policies—the trick is to devise a successful one. Debate will ensue about whether Labor's 1983–1996 Accords were successful. At the very least it ought to be conceded that incomes policy is a feature of all government policies. Even the minimal interventionists may concede that it is better to have another 'lever' of economic policy than not.

Labour market reform, essential to the achievement of full employment, is a difficult policy area for Labor, as it appears to require having to ask more and more of its own constituency. Nevertheless, it is on each party's shopping list of policies required to solve Australia's economic problems. Hughes's⁶¹ work on achieving full employment gives a high priority, among many other areas of market reform, to the system of wage bargaining in Australia. That priority must be maintained,

but the important new element is that Labor needs to join another constituency to the task. The small business constituency now so large, and when snubbed even by its own side (Hewson in 1993) so powerful, must be joined by Labor to create a new Accord.

By way of example of one element of a future incomes policy, labour costs are a significant and all too obvious cost to small employers. The former Labor Government's own Green Paper on full employment posed the hard question,

are we prepared to reduce constraints to business expansion, such as disincentives to hire people...?⁶²

This was the same issue raised by Treasury Secretary Ted Evans in 1993,⁶³ when he spoke of the high level of unemployment as being a matter of choice. The importance of the price of labour as a cause of high unemployment is hotly disputed by some,⁶⁴ and indeed labour cannot be equated to other commodities, but the operations of the labour market are vastly important to job creation, and wealth creation, and they fall squarely in the policy backyard of the ALP.

Incomes policies have traditionally attempted to gain the benefits of freeing the labour market or lowering labour costs without causing either short-term discomfort to the employed or transitional costs to the unemployed. A paper from EPAC,⁶⁵ and work in progress at the Full Employment Project⁶⁶ suggest that, amongst other factors, labour on-costs may be a significant cause of unemployment. On-costs, such as payroll tax, workers' compensation, redundancy payments, and superannuation have increased in relative importance, rising from 11.6 per cent of wages and salaries in 1986-7 to 13.1 per cent in 1993-94.⁶⁷ These figures are significant as they are not costs that can generally be negotiated in return for productivity improvements, and as such are moving against the desire to have a closer fit between productivity and reward.

While the control of wages would be less possible in the future and incomes policy, 'can at best deliver changes in money wages rather than real'⁶⁸ (real wages, not nominal must be adjusted to clear the labour market), it is nevertheless true that it is a choice as to whether some costs are loaded on to the employer and therefore built into the decision whether to hire labour. If, as Hughes and many others have argued, that 'payroll taxes penalise employment',⁶⁹ then it is likely to be true for other costs such as superannuation.

The policy option of seeking to reduce real labour costs is hardly fair on the workforce, or industrially feasible. It is better to work on improving the productivity backing those costs. There may be scope, however, for taking certain on-costs out of the employment contract altogether, as was the case with money wages

under the Accord processes. The purpose of such a move lies in the recognition that such costs dampen the demand for labour. Whether these costs shifted to the general taxpayer ultimately represent a real reduction in labour costs is debatable. It depends on the degree to which the costs rebound through increased taxes.

The aim of the exercise is to use a political mechanism that may achieve an outcome not feasible by other, more direct means. The wages of the lower paid are in effect subsidised now by means of the Family Allowance system. Allowing wages to adjust in order to clear the market can be achieved in a number of different ways. Surely the best is to employ individuals in jobs where there is demand and to do this by removing some of the direct cost of employment.

The costs of employer superannuation contributions will have a major impact on employment in years to come, particularly for the marginal employee. It has become a real cost of employment that need not be carried by the employer. The achievement of a compulsory near-universal superannuation system was a major achievement of the Labor government, but the particular means of its implementation was somewhat accidental.

The labour movement has already accepted the political costs of apparently low wage increases through the Accord, but a dose of wage realism under the Coalition should provide the Labor Party with the political ammunition to re-enter this area of debate. It is certainly worth exploring the potential to employ more Australians by means of a further Accord, specifically an agreement between Labor in government, the union movement and the small business community. Such an Accord must ensure that all the good being done on the savings front in the new superannuation regime not be undone by acting as a disincentive to employ. Of course, the small business constituency will jump at the chance to shed some costs if someone else will pay for them. The unions will probably agree to shifting costs elsewhere so long as the move does not shift money into the pockets of employers or result in a diminution of income by other means, for example by higher taxes.

Superannuation for the marginal employee must be paid through the budget, paid for by taxation revenue. Of course the public will have to pay the bill, but that is what Accords are for, to ensure that a deal can be delivered that no taxpayer would vote for if put to them directly, but which, subject to further analysis, holds the potential to employ more Australians.

There are a great many areas of reform in the Australian economy that are being undertaken in order to make Australian industry more competitive. An agreement to shift the cost of employing people onto the

public purse should not disturb the drive for efficiency, but for a given level of demand for goods and services may enable more Australians to be hired.

CONCLUSION

Labor has drifted from its base constituency, and at the same time that constituency has changed. Labor needs to devise policies, and to change the way it conducts its business, in order to win it back. The message from the 1996 election is that Labor appeared to govern for a collection of minorities who were changing the face of Australian society in unacceptable ways.

However, as a responsible future government, it cannot afford to avoid issues that are necessary to reform Australia's economy. Labor in government will have to continue to change the face of Australia against the apparent interests of most voters, but the task will be

made easier if it can concentrate on some areas that address the interests of the majority—population and marriage policy are two key examples—and to use some old tools, like incomes policy, where it can ease the transition to full employment that a harsher deregulatory agenda may not be able to do alone.

It will need to re-join the environment debate through population policy, re-cast the ethnic alliance, provide a stable direction in marriage, and join the small business constituency to the task of job creation.

Labor in Opposition needs to bring new legitimacy to the party, but above all, it needs to be brave enough to at least have the debate. After all, that is the reason most people join or vote for a political party. But there are other good reasons why someone would join the ALP: in order to advance the causes in which they believe, and where the tradition of social democratic thought offers a solution; because its policy and candidate selection processes are open and subject to public scrutiny; and, that it can provide a training ground for political activists.

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