

Neoliberalism as a Political Rationality: Australian Public Policy Since the 1980s

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Over the course of the last ten or twenty years, a remarkable transformation has occurred in the way national policy makers attempt to manage economic activity. In the Anglo-American economies in particular, a noteworthy ‘convergence’ has occurred about the best, or more accurately, the most feasible ways to influence economic activity within national borders. As the ‘interventionist’ policy tools of the Keynesian era appeared increasingly less equipped to deal with the economic crises that emerged during the 1970s, policymakers experimented with a range of ‘supply side’ and monetarist approaches to economic management which were instrumental in undermining both the legitimacy and potential efficacy of ‘big government’. Such policy innovations ultimately led to the consolidation of a new and distinctive mode of governance. Although not simply an economic doctrine, ‘neoliberalism’ is a convenient shorthand for a range of ideas, practices, and approaches to the conduct of government that are associated with a normative preference for small states and a reliance on market mechanisms to determine economic outcomes.

In what follows we shall suggest that neoliberalism may best be thought of as representing a distinctive ‘political rationality’. The notion of a political rationality provides a way of focusing on certain widely accepted nostrums and theoretical assumptions that currently inform policy making, and provides a useful way of understanding how a number of contemporary governments approach the management of economic security. It is a notion that may be employed to explain transitions in governmental practice either within individual countries (Larner 1997), or to distinguish broad approaches to governance across regions (Beeson and Jayasuriya 1998). We apply the concept of political rationalities to the making of Australian public policy since the early 1980s. In short, we argue that the emergence of a neoliberal political rationality in Australia is a manifestation of new ways of thinking about national economies and their possible management; ideas which have had a profound influence on Australian public policy.

In the first section of the paper we outline the characteristics of political rationalities in general and the distinguishing features of a liberal political rationality in particular. In the second section we examine conceptions of the economy and the individual as objects of government in a neoliberal political rationality. The final section of the paper uses the material from the first two sections to undertake an exploration of a number of aspects of Australian public policy. We argue that the concept of political rationalities provides an important conceptual tool with which to understand contemporary public policy. In short, we attempt to show how public policy in Australia since the 1980s has been increasingly shaped by a neoliberal political rationality, which has itself been predicated upon a new and distinctive conception of the economy as an object of government.

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Political rationalities

Political rationalities are particular and historically specific instances of what Michel Foucault calls 'governmentality'. Foucault used the term 'governmentality' to refer to a particular way of thinking about government which emerged in Western Europe in the eighteenth century and which has its object the economic security and prosperity of the state itself. Governmentality is distinguished from earlier forms of rule, in which national wealth is measured as the size of territory or the personal fortune of the sovereign, by the recognition that national economic well-being is tied to the rational management of the national population. Foucault defined governmentality as: 'the ensemble formed by the institutions, procedures, analyses, and reflections, the calculations and tactics that allow the exercise of this very specific albeit complex form of power, which has as its target population, as its principle form of knowledge political economy and as its technical means, apparatuses of security' (Foucault, 1991:102). Governmentality is contemporaneous with the emergence of an exchange of economy and is 'pre-eminently economic' in the sense that it is geared 'to securing the conditions for optimum economic performance' (Burchell, 1993:273).

The concept of governmentality has been developed in the subsequent researches of a number of English-speaking scholars who are engaged in a form of analysis which they designate 'history of the present'. In the work of these scholars the concept of political rationality links government at the level of the state with other attempts 'to structure the field of possible action of others' (Foucault, 1982:221), while avoiding the reduction of government to techniques of domination. In this form of analysis, political rationalities structure the field of possible government action and provide a common language for the conduct of policy debates. The importance of the concept of political rationalities in history of the present analysis is anchored in the assumption that 'thought itself' plays a critical role in the structure, contestation and evaluation of relations of power in modern societies (Barry et al, 1996:2).

In stressing the relationship between thought and the exercise of power, history of the present exponents are careful to distinguish political rationalities from political philosophies and economic doctrines. According to Dean and Hindess (forthcoming) government is a complex activity, which cannot be viewed simply as the implementation of any particular political or economic theory. The incorporation of economic doctrines or political philosophies into governmental practice is always partial and necessitates connection with administrative techniques and forms of calculation which modify, if not transform, the theories and their objectives. Rather than the realisations of political or economic philosophies, political rationalities are more accurately viewed as amalgams of political expediency, policies, 'common sense', responses to public opinion, economic doctrines and notions of human rights (Rose and Miller, 1992).

For Rose and Miller (1992:178), political rationalities exhibit certain discernible regularities. Firstly, political rationalities distinguish between different forms of authority (political, religious, familial etc.) and specify the proper distribution of tasks between these authorities. They also specify the goals and principles to which the activities of government should be directed. Secondly, political rationalities take their particular form in relation to the way in which the objects of government are

conceived. For example, different formulations of what constitutes an economy are associated with different notions about who can legitimately regulate it. Likewise, political rationalities specify particular subjectivities as desirable or assumed. The third characteristic of political rationalities concerns the way in which their distinctive use of language both translates reality into political debate and elaborates programmes and policies in a particular idiom.

Importantly for history of the present studies, political rationalities cannot be divorced from the mechanisms of technologies through which thinking about government is put into effect. According to Miller and Rose (1990:8), 'if political rationalities render reality into the domain of thought ... technologies of government seek to translate thought into the domain of reality'. This insistence upon combining ways of thinking with ways of acting is characteristic of the non-totalising, contingent approach of history of the present. Typically, history of the present studies examine the articulation of political rationalities with technologies such as accounting, audit, architecture, schools, health and life insurance, self esteem programmes and sanitation. The association of political rationalities and governmental technologies in history of the present analysis draws attention to two features of modern government. The first is the dispersed nature of government, evidenced in the diversity of authorities and sites, both state and non-state, through which political government is exercised. The second is the complex and often mundane nature of modern rule. Government is understood as 'the multiple and delicate networks that connect the lives of individuals, groups and organisations: to the objectives of authorities' (Rose and Miller, 1992:176).

A focus on technologies of government and on expertise is central to Rose's (1993:290-292) elaboration of liberalism as a political rationality. Rose isolates four characteristics of liberalism as a practice of government. Firstly, liberalism is tied to knowledge of human conduct developed within the social sciences. In order to know the general laws and particular states of its objects, government becomes connected to data, theories, diagrams, and techniques of calculation. Secondly, liberal strategies of rule are tied to technologies whose purpose is to create self-governing individuals who are able to provide for their own welfare through an alignment of personal desires with the aims of governing authorities. Thirdly, liberalism maintains the autonomy of the family, private firm and individual by governing at a distance through the vehicle of expertise, particularly the professional expertise of doctors, psychologists, social workers and economists. Finally, Rose suggests, liberalism is characterised by a continual questioning of the activity of government, both in terms of the legitimacy of different authorities in relation to the object of government and in an attempt to make government more efficient.

The concern with practical government and its relationship to available technologies is one distinguishing feature of neo-liberalism as a political rationality. A second is the rejection of the oppositions between state and civil society, government and market, public and private which according to Rose and Miller (1992:174) have structured previous analyses. They argue that such oppositions do not adequately reflect the way that political power is 'exercised through a profusion of shifting alliances between diverse authorities in projects to govern a multitude of facets of economic activity, social life and individual conduct'. In particular they reject the

opposition between government and individual freedom which is characteristic of liberalism as a political philosophy.

From the perspective of liberalism as a political rationality, individual freedom is an artifact of particular strategies and modes of regulation rather than the absence of government intervention. As a consequence, in analyses which conceive of liberalism as a political rationality there is a focus upon the ways in which a variety of governing authorities, both state and non-state, seek to promote a form of life characterised by personal autonomy and rational choice. The emphasis is upon the ways in which liberalism proposes to govern through the self-regulation of individuals who are at once the object and partner of those technologies of government through which political reason becomes practical (Burchell, 1993).

Economy and subjectivity in a neoliberal political rationality

In order to examine the images of the economy and the individual in a neoliberal political rationality we begin by outlining earlier conceptions of these objects of government and then chart their transformations. In early nineteenth century liberalism the economy as an object of government is conceived of as a self-regulating and relatively self-contained national system (Hindess, forthcoming). The notion of a self-regulating system separates economic activity from the sphere of governmental activity. The economy, thus conceived, is driven by the self-interest of individuals and exhibits a natural tendency to growth. The natural growth of the economy depends upon the existence of economic independence in those who work for wages and economic freedom in the case of merchants, manufacturers and landowners. Where economic independence is compromised by the provision of public assistance in the form of benefits and pensions the natural dynamic of the economy is adversely affected. The assumption that economic independence and economic freedom are essential to the optimisation of national wealth is associated with a conception of individuals as autonomous creatures driven by the desire to better their own material circumstances and those of their families. In classical liberalism this characteristic is assumed to be a 'natural disposition' (Tucker, 1755:3) of human beings which, in the case of wage earners, has been destroyed by policies based on the assumption that it is the role of governing authorities to provide the population with either employment or subsistence. The focus of governmental policy in the liberal mode of government in the early nineteenth century is the restoration of the population to the natural state of economic independence via the abolition of the legal right to public assistance in order to optimise the operation of the self-regulating system of wealth creation.

The promotion of an image of the economy as a self-regulating system is associated with the belief that the dynamism of self-interest is a more efficient mechanism for optimising national wealth than governmental initiatives, particularly those which rely upon a conception of the common good. According to Hayek (1979:162) in a complex economic order involving an extensive division of labour, 'it can no longer be the pursuit of perceived common ends but only abstract rules of conduct' which guarantee economic prosperity. Attempts to build patterns of social relationships derived from perceptions of the common good using 'deliberately designed systems of rules' are condemned by Hayek because they fail to recognise that the efficient operation of the economic system is based upon the impersonal rules which emerge from the market

process. The most fundamental of these rules is that self-interest, in the form of the individual pursuit of financial gain, is the source of wealth creation. For Hayek (1979:165), the efficiency of self-interest is the result of an evolutionary process in which 'financial gain rather than the pursuit of a known common good became ... the cause of the increase in general wealth'. The issue of efficiency will be taken up later in this section in relation to a transformation in the conception of the economy as an object of government.

Hindess (forthcoming) suggests that the perception of the economy as a self-regulating system is associated with the belief that if properly managed it can be expected to provide resources for both the state and society. In particular, economic activity provides the state with the means to defend national territory, enforce its laws, and provide society with the resources necessary for the education and maintenance of desirable norms of health and well-being in the national population. In other words, good government is synonymous with securing the conditions for economic growth, which may then be employed in pursuit of other political and social ends.

The assumption that national economies are relatively self-contained systems arises from the importance of a *national* population in thinking about wealth creation. In early nineteenth century liberal governance the source of national prosperity is the productivity, education and health of the nation's population. The potential importance of the national population in wealth creation was reinforced by the increasing attention paid to the role of consumption, including the consumption of wage earners, in maintaining prosperity through the creation of domestic demand (Smith, 1981: 435). Since the wage earning population was observed to be fixed within national boundaries, national economies were assumed to be relatively self-contained. The perceived immobility of capital (Ricardo, 1971:155) reinforced the image that economies were relatively self-contained. Such ideas have been overturned by transformations in the organisation of economic activity.

Economic management in a global economy

The conception of the national economy as a self-regulating and self-contained system is currently being displaced by the image of a 'global' economy. Globalisation is a notoriously contested concept (Perraton et al 1997), a detailed discussion of which is beyond the scope of this paper. However, it is important to recognise that while profound and tangible changes in the organisation of economic activity may have occurred, many of the policy responses to this phenomenon have been shaped by its *discursive* impact. In other words, as Cerny (1996: 620) puts it, 'the spread of the discourse [of globalisation] itself alters the a priori ideas and perceptions which people have of the empirical phenomena which they encounter; in so doing, it engenders strategies and tactics which in turn may restructure the game itself'. At one level, therefore, the displacement of the image and idea of a discrete national economy as a self-regulating and relatively self-contained system has undermined a reliance on the sorts of Keynesian policy tools that characterised the 'golden age' of post-war capitalist development. At another level, however, states have themselves been complicit in undercutting their own autonomy and sovereignty by entrenching policies - deregulation, liberalisation and market-centred reforms - that have become associated with attempts to manage an increasingly global economy. The changes in

the structure of the international economy that such political initiatives engender, particularly the growing influence and scale of unregulated financial markets, have undermined national economic autonomy in general and monetary and fiscal policy autonomy in particular (Andrews 1994).

Consequent upon these profound changes, the economic ideas and political practices that characterised an earlier Keynesian era have come to appear inadequate and inappropriate to later generations of policymakers. The emergence of a neoliberal political rationality, therefore, has been associated with a transformation in the image of the economy as an object of government from one seen as essentially national and self-contained to one that is seemingly transnationalised and locked in relentless international competition. Hindess (forthcoming) suggests that successful competition is now perceived to depend upon the promotion of economic efficiency, not only in the production of goods and services, but in *all* areas of national life. Economic security, in other words, requires the prioritising of competition and economic efficiency in areas as diverse as welfare, health or education, because policymakers have come to feel that they may impact upon the overall economic performance of nation as a whole. Thus, the priority accorded to economic efficiency in order to create or maintain international competitiveness initiates a new relationship between economy, state and society in which their distinctive identities as separate spheres of national life are increasingly blurred.

As we have seen, in rationalities of government which conceive of the economy as a self-regulating system with a natural tendency to growth, economic activity provides the resources for education, health services and welfare. In a neoliberal political rationality, society and the state must be transformed to make them contribute to the drive for economic efficiency. The result is increasing pressure to make relationships based on bureaucratic norms or ideas of the common good meet the standards of efficiency that are believed to characterise the impersonal forces of supply and demand. The image of the market thus becomes the ideal to which schooling, education, health services, welfare and the agencies of the state which provide these services are encouraged to conform in order to ensure national economic survival.

The image of market-like relations characterised by a high degree of economic efficiency provides the source for the distinctive idiom in which neoliberal policies in areas as diverse as education, health, welfare and the reform of the public service have been articulated. Central to this idiom is the concept of methodological individualism, a notion that assumes that statements about groups or larger social collectivities are ultimately reducible to statements about the individuals that make up those groups. A focus on individuals, whether they are citizens or firms, has important theoretical and policy implications. In keeping with the privileging of the individual, new strategies and objects of government have emerged in countries like Britain, Australia and New Zealand. Increasingly, governments and businesses are attempting to promote and inculcate specific 'enterprising' values in the population at large (Rose 1992). Congruent with a belief that market mechanisms are the most efficacious determinants of economic outcomes, individuals are being encouraged to become more productive and efficient elements in overarching economic processes.

Governments around the world - but especially in the Anglo-American nations - have, therefore, been attempting to develop new strategies of governance that are

designed to promote national economic security. This has involved a complex array of techniques and a wider array of agencies than simply governments, *per se*. In Australia the attempt to enhance economic competitiveness and prosperity by reconstituting not only national institutions but also the population itself has gone further than most. As such, it merits closer examination.

Australia and neoliberal reform

Although we have been at pains to emphasise that political rationalities in general and neoliberalism in particular are complex amalgams of economic ideas, political practices and the influence of a number of broader social forces, the effects of which are diffuse and not restricted to explicitly governmental interventions, in what follows we shall devote most of our attention to public policy and the activities of successive Australian Labor Party (ALP) governments since 1983. This approach seems justified for a number of reasons. First, it is simply not possible to cover every aspect of the transition to and operation of a neoliberal political rationality in Australia. Second, reservations about the continuing autonomy of 'the state' notwithstanding, national governments continue to exert a powerful influence on the conduct of social and economic activity within national borders. Third, the ALP was not simply in power during the 1980s when broadly conceived neoliberal policies became internationally very influential, but it also enthusiastically advocated and implemented such policies in Australia. This section will attempt to show how an emergent neoliberal political rationality came to influence a range of government policies, and how market mechanisms and competitive pressures came to be embedded in many of Australia's most important social institutions.

If one incident captured the transition from a conception of the economy as a self-regulating and relatively self-contained national system to the idea that Australia was inescapably part of an emergent supra-national order it was (then) Treasurer Paul Keating's suggestion in 1986 that Australia was in danger of becoming a 'banana republic'. As Paul Kelly (1992:197) observes, Keating's statement came to be seen as a warning that the key institutional structures of Australia's unique historic compromise, particularly arbitration, protection, and a reliance on commodity exports – structures which flowed from the conception of the economy as a national system – needed to be revitalised or swept aside. In short, policy needed to be reformed to accommodate the belief that economic security depended upon securing a share of the prosperity generated by international restructuring. In particular, Australian public policy needed to respond to the challenge of integrating 'the Australian economy' into a trans-national economic system. The exposure of Australia's economic space to international competitive pressures which such a move entailed gave additional impetus to new strategies of government which sought to act upon individuals. The imperative of international structural adjustment became a discursive device with which to legitimate domestic reforms premised upon the necessity of inculcating more competitive, economically efficient behaviour in the Australian workforce.

A key policy initiative in this regard was the 'Garnaut Report' (1989). The Report represents something of a watershed in Australian policymakers' moves toward a new political rationality. Significantly, it represented a major shift in thinking about the way the 'Australian economy' was integrated into an increasingly inter-connected international system, especially the need for domestic reform to respond to and be

driven by international competitive forces. The Garnaut Report, and a number of similar volumes from government advisory bodies like the Industry Commission and the East Asia Analytical Unit, were instrumental in entrenching a new understanding of the way economies work, the constraints placed on national policymakers, and the benefits of using market forces to achieve particular social and economic ends.

It is not being suggested here that the large-scale economic initiatives and ‘big picture’ strategic re-orientations were the sole or necessarily most significant reforms undertaken by various Labor governments. However, it is important to recognise the continuity in logic that informed such initiatives. Faced with what was increasingly perceived to be an inexorable erosion of autonomy and sovereignty, successive Australian governments attempted to make a virtue of necessity and utilise market forces in combination with a range of more subtle social interventions to bring about change in the domestic sphere. Unable – or unwilling – to ‘intervene’ in achieving more narrowly conceived economic outcomes, economic policy in Australia became increasingly bound-up with a wider social agenda. In short, Labor sought to make the population itself a key part of its reform agenda by making Australia’s social institutions and individual citizens more capable of responding to competitive pressures and market signals.

Articulating a reform agenda

Successive Labor governments disparate domestic initiatives culminated in 1993 with the publication of the ‘Hilmer Report’ (1993). Chaired by the Director of the Australian Graduate School of Management, the Report definitively sanctioned ‘competition policy’ as the principal rationale underpinning economic reform in Australia and as the centerpiece of Australian public policy. The Report argued that ‘Australia’ had no choice but to improve its ‘international competitiveness’ and become ‘more innovative and more flexible’ (Hilmer 1993: 1). While the focus of the Hilmer Report was principally ‘firms and institutions’, it represented a more deep-seated transformation of public policy in Australia that has been echoed in other influential reports and policy initiatives.

One of the central assumptions underpinning the Hilmer Report is that a key requirement for the efficient functioning of a market economy is the development of appropriate rules with which to govern the behaviour of economic actors. The foremost intention for any rule-based system must be to protect the ‘competitive process *per se*’ (Hilmer 1993: 26), which it is assumed will increase general economic welfare. Hilmer recommends that a National Competition Council (NCC) be established to oversee the imposition of competitive mechanisms, drawing on ‘independent and expert policy advice’. The Council ‘would be directed to take a *pragmatic, business-like approach*’ to the reform process (Hilmer 1993: 319. Emphasis in original). The intention is to instigate economy-wide change with competitive market pressures as the central catalyst of change.

What is of interest here is the way in which the Hilmer Report reflects and attempts to operationalise a neoliberal political rationality. In attempting to create a rule-based domestic institutional framework in which competitive market pressures can influence the behaviour of individual economic actors it resonates with the Garnaut Report and the Business Council of Australia’s (BCA) policy document *Australia 2010*, which

argues that 'Australia's' economic problems require effective government leadership and getting the 'fundamentals' right. 'The fundamentals', the BCA (1993: 7) suggest, are the 'attitudes and practices that are a prerequisite to establishing a competitive economic climate in which enterprises and individuals operate in an open environment with incentive to compete, to innovate and to manage the risks they face'. In seeking to institutionalise these fundamentals, Hilmer (1993: 332) recommends that the NCC 'provide public education on the conduct, rules, and the role of competition in the community'. Experts will inform the public about both the benefits of competition and their role in optimising its impact. This rationale and approach to policy implementation is emulated and extended in the 'Karpin Report' (1995).

The Karpin Report is a comprehensive blueprint for promoting the agenda of market-driven reform, especially at the micro level. Indeed, the Karpin report may be seen as a logical extension of Garnaut and Hilmer, attempting to consolidate neoliberalism at the level of the individual. Karpin's solution to Australia's perceived economic problems is to inculcate 'enterprising' attitudes and values amongst the population at large. More specifically, Australia's population, be they employees or managers need to be enterprising 'in the broadest sense of the word, not only in business but also in social community organisations and *in terms of their own personal lives* in a changing world' (Karpin 1995: 77. Emphasis added). In keeping with the dominant neoliberal political rationality Karpin (1995: lxi) is unequivocally of the view that markets are the best mechanisms to 'achieve optimum allocation of resources and quality [sic] outcomes'. This may be most effectively achieved by encouraging the dissemination and inculcation of enterprising values through the education process, so that the 'culture of enterprise would be threaded through the entire socialisation process' (Karpin 1995: 100). It was an idea that was 'strongly endorsed' by the former Labor government (Crean & Cook 1995). Indeed, such a suggestion had preceded the Karpin Report as part of the highly important *Working Nation* statement (Keating 1994).

The Karpin Report symbolises the new approach to governing developed under the ALP's reformist and pragmatic leadership. During the 1980s, the Labor leadership became increasingly technocratic, steeped in the discourse of managerialism, and imbued with the idea that economic policy is no longer 'ideological', but a question of finding optimal, technically correct solutions to economic problems (Keating 1993a: 58). Australia's population came to be seen as something to be worked upon so that it might play a more efficient and productive part in national economic development. In other words, informed by a new political rationality that was both cognisant of the apparent constraints on governmental autonomy yet still wanting to influence broad economic outcomes, public policy became, paradoxically enough, more comprehensive in its ambitions.

Significantly, a major justification for a more encompassing approach to the inculcation of a 'positive enterprise culture' is the necessity of preparing the nation for competition in the 'Asia-Pacific century' (Karpin 1995: 106). The external imperative with which Garnaut was most concerned is, therefore, also deployed as a justification for the development of 'enterprise education' in schools, through which individuals will be equipped with

the necessary mindset and skills to recognise opportunity, manage risk and mobilise and manage resources. Generally, it means developing the qualities which a person needs to be enterprising

such as the ability to tackle problems, take initiatives, persevere and be flexible. (Karpin 1995: 113).

Government policy, then, is concentrated upon those areas where it may exert the greatest influence. Karpin provides the rationale for an extension and intensification of existing policy initiatives. The education system in particular will be harnessed to the task of creating a flexible, self-reliant, reflexive population that will be able to respond swiftly to the stimulus of market signals. In this regard, the Karpin Report provides the definitive blueprint for such a government with its emergent, individually-oriented strategies of domestic reform.

Implementing reforms

Karpin's emphasis on the importance of education has been reflected in government policy. Although governments may enjoy less contested authority in this area, the extent of Labor's ambitions have been, nevertheless, remarkable. Labor's proposed reforms of the higher education system outlined in 1987 marked an intensification and extension of attempts to render 'Australia' more competitive. As part of a more generalised strategy of introducing competitive pressures into every aspect of national social life, Australian universities have been encouraged to develop a commercial mentality and mimic the organisational structure of corporations (Henry 1992). This trend has been encouraged by a greater reliance on fee paying students and the necessity of making courses more economically 'relevant', both in terms of the fees they generate and the needs of industry. In short, successive Labor governments have attempted to enlist the education system in its broader project of making Australia more economically competitive (Dudley & Vidovich 1995).

More subtly, educational 'efficiency' has increasingly come to be defined in terms of narrow economic criteria, rather than the broader social and cultural agenda it formerly enjoyed (Marginson 1993). The effect of this is twofold. On the one hand there is the systematic attempt to inculcate a specific set of values in which the individual is encouraged to become more enterprising and self-reliant. On the other, the population is regarded as potential 'human capital' to be equipped with the requisite skills that might allow it to fulfill a more productive purpose. While the ultimate outcome might be ostensibly economic and reflective of a new conception of the economy, the form of governmental intervention and the range of authorities and agencies co-opted into its overarching project is far more extensive. As Hunter (1993) points out, the exercise of governmental power in educational activities is a complex and multi-faceted process, which seeks to achieve its ends by problematising existent educational practices and developing new strategies of management and administration.

An area where successive labor governments were able to play a more direct role in shaping important domestic institutions in pursuit of their overall reform agenda was the public service. Michael Pusey's (1991) influential, if controversial, thesis suggests that key sections of the Canberra bureaucracy are dominated by 'economic rationalists', or supporters of the sorts of policy initiatives associated with a neoliberal political rationality. Moreover, Pusey contends that this amounted to a fundamental shift in the purposes to which state activities are directed, and the adoption of technical, rather than a substantive rationality. The move toward a more technocratic

style of policymaking and implementation was reinforced by the institutional practices and memory of key bureaucratic departments. The Treasury has long since promoted the sorts of market-conforming reforms that have now become the economic and political orthodoxy (Whitwell 1986), and which have provided an underpinning theoretical rationale for much contemporary policy.

The emergence of a neoliberal political rationality needs to be seen as part of a deep-seated and complex process, of which the development of a new economic paradigm is only a part, albeit a conspicuous and influential one. However, key sectors of the public sector have been especially prominent in both reflecting and driving new ideas about economic management. During periods of economic crisis, such as confronted Labor on its accession to power and again during the 'banana republic' period, the opportunity exists for influential players to champion new ideas and alter existent policy directions (Gourevitch 1989). Although part of an international trend toward 'new public management' in which enhanced competition and the disaggregation of public service functions have been central (Dunleavy 1994), the enthusiasm with which such ideas have been taken up in Australia has had a profound influence on both the public service itself the wider community of which it is a part.

The reorganisation of the public service in line with market principles affected not only the structure and organisational logic of the state, but also its role and mode of operation. The Hawke-Keating governments' reforms of the public service amounted to what Yeatman (1990) describes as a 'cultural revolution' in which 'scientific' management practices were applied by 'technical experts' in an attempt to concentrate bureaucratic power and allow its more effective application at particular sites deemed desirable by government. Central to Labor's reform of the public service was an intention to judge the bureaucracy on 'results, outcomes and performance' and to make it a more effective instrument in the implementation of economic structural adjustment (Keating 1993b:1).

The new emphasis on managerialism was structurally embedded in the bureaucracy with the establishment of the Senior Executive Service (SES), a senior administrative elite whose primary merit and attraction to government resided in its managerial capacity and technical expertise, skills that might be applied to any problem or area regardless of the values and issues specific to a portfolio (Yeatman 1990). Pusey (1991: 117-21) stresses that one of the intentions of the reforms was to avoid the possibility that managers might be 'captured' by the interests they were intended to serve - mobility in the service lessened this possibility and also enhanced the influence of the increasingly powerful central agencies whose members experienced rapid promotion through the ranks. The reforms reinforced the importance of the central agencies by giving them a coordinating budgetary and review function over other agencies. To maintain their diminished positions the latter had to adopt the language and guise of a particular form of economic rationality which derived its authority from and reinforced the position of new conceptions of the economy and the best ways of making all aspects of Australian economic and social existence more competitive.

If reforming the public service was driven principally by the perceived need to improve economic 'efficiency', other reforms seemed intended to address more overtly political obstacles to the new political rationality. After reconstituting the ALP

itself on more pragmatic and less 'ideological' lines (Jaensch 1989), the Labor leadership attempted nullify the trade union movement as a potential obstruction to market-based reform. Collectively organised labour represented a potential obstacle to the optimal functioning of an internationally integrated economy, in which market forces and competitive pressures encouraged the development of flexible and responsive *individuals*.

The Accord - an agreement between government and organised labour to govern wage outcomes – was a crucial political and institutional mechanism with which to manage organised labour and ensure that it was a productive part of the new model of economic management. Despite the Accord's problematic history and the failure of business to play a meaningful reciprocal role in return for certainty in wage outcomes (McEachern 1991), the Accord's 'corporatist' structure allowed the ALP to eliminate a potentially significant obstacle to its economic agenda. Indeed, what is striking in retrospect is the manner in which the union movement and its peak representative body, the Australian Council of Trade Unions (ACTU) has passively accepted the logic and language of the new economic rationality and its underpinning theoretical rationale (Campbell 1993). The decline in Australian trade union membership and influence has not only allowed successive governments to institute neoliberal reforms with little opposition, but the rise of enterprise bargaining, workplace agreements and the panoply of individually-oriented reforms has served to promote and consolidate a more subtle process of re-making the Australian workforce (Beeson 1997). It is now *individual* productivity that is to engender a more competitive 'Australia'.

Revealingly, the encompassing and intertwined strategies of economic and social management extend even to those outside the workforce. At one level, this is part of an international move to 'reduce' unemployment by managing it differently through new methods of calculation about the numbers of unemployed, and administrative strategies that present the unemployed as a distinctive object of governance (Walters 1996). At another level, however, successive Australian governments have, as Dean (1995) points out, developed increasingly elaborate strategies that engage even the unemployed as 'clients', and draw them into processes of self-management which attempt to cultivate specific attitudes and patterns of behaviour in the targeted population. In other words, even the unemployed are caught up in web of interventions by state and non-state agencies that are informed by an overarching neoliberal political rationality and which are designed to reconstitute individuals in line with a new conception of economic activity and security.

Concluding remarks

This essay has been principally concerned with the activities of the Labor government and its period of office from 1983 to 1996. There is, however, little to indicate that the current Liberal-National Party coalition government is likely to deviate from the direction Labor has established, however. Indeed, Labor has already cleared many of the obstacles that might have proved difficult for a coalition government to overcome. The move toward enterprise bargaining and the decentralisation of the industrial relations system seems likely to continue at an even greater pace, as does further reform and reduction of the public service, and the increasing marketisation of the education sector. Labor's achievement – if it may be described as such – has been the

reconstitution of central elements of Australia's institutional infrastructure, a transformation that has been reinforced by the systematic attempt to inculcate new values in the population at large. Whether these are described as 'entrepreneurial', 'flexible', or simply as more 'competitive', their intent was to facilitate a style of governance that may most usefully be understood as flowing from a distinctive neoliberal political rationality.

Constrained by external economic forces on the one hand, and a new conception of the economy and its constitutive elements on the other, successive Australian governments have increasingly sought to operate where they retain legitimacy and effective political authority: over the construction of domestic social relations. Paradoxically, therefore, at a time when conventional monetary and fiscal policymaking tools are losing much of their usefulness, government policy initiatives designed to enhance national economic security have become more comprehensive and broad-ranging.

Public policy under successive Labor governments has, therefore, seen the emergence and consolidation of a new style of and rationale for government intervention. Although this has had an impact on a range of public policies its impact is most apparent in the economic sphere. This is hardly surprising. Economic policy increasingly takes precedence over all areas of public policy. At its most encompassing, the neoliberal political rationality that has increasingly come to inform Australian public policy is a strategy for extending market mechanisms to areas of individual and organisational activity that had previously been considered as non-market spheres of allocation, with major implications for the conduct of private and public life. In short, the dominance of a neoliberal approach to governance combined with an associated discourse of competitive individualism has profoundly affected our understanding of economic processes and of our own places within them. The remarkable rise and consolidation of a neoliberal political rationality has rapidly come to shape our 'common sense' understanding of the world, and is, therefore, as Bourdieu (1991) reminds us, all the more powerful for that reason.

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