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The Radical Neo-liberal Movement as a Hegemonic Force in Australia, 1976-1996

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UNIVERSITY OF WOLLONGONG

by

DAMIEN CONNOLLY CAHILL

B.A. (Hons) University of Wollongong

HISTORY AND POLITICS PROGRAM
2004

CERTIFICATION

I, Damien Connolly Cahill, declare that this thesis, submitted in fulfilment of the requirements for the award of Doctor of Philosophy, in the History and Politics Program, University of Wollongong, is wholly my own work, unless otherwise referenced or acknowledged. The document has not been submitted for qualifications at any other academic institution.

………………………………..

Damien Connolly Cahill

24th June 2004

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Abbreviations

AACF	Australian Association for Cultural Freedom
ACC	Australian Chamber of Commerce
ACCI	Australian Chamber of Commerce and Industry
ACM	Australian Chamber of Manufacturers
ACTU	Australian Council of Trade Unions
AFE	Australian Federation of Employers
AFEF	Australian Free Enterprise Foundation
AIPP	Australian Institute for Public Policy
ALP	Australian Labor Party
AMIC	Australian Mining Industry Council
AMWSU	Amalgamated Metal and Shipwrights Union
ARTF	Australian Road Transport Federation
ARTIO	Australian Road Transport Industrial Organisation
BCA	Business Council of Australia
CAI	Confederation of Australian Industry
CIA	Central Intelligence Agency
CIS	Centre for Independent Studies
CoPS	Centre of Policy Studies
COSBOA	Council of Small Business Associations Australia
CRA	Conzinc Riotinto of Australia
ETU	Electrical Trades Union

IEA	Institute of Economic Affairs
ICI	Imperial Chemical Industries
IPA (NSW)	Institute of Public Affairs (NSW)
IPA	Institute of Public Affairs
IPE	Institute for Private Enterprise
LDRTA	Long Distance Road Transport Association
ML	Mitchell Library
MTIA	Metal Trades Industry Association
NBAC	Noel Butlin Archives Centre
NFF	National Farmers' Federation
NPP	National Priorities Project
NTF	National Transport Federation
SEQEB	South East Queensland Electricity Board
WMC	Western Mining Corporation

Abstract

This thesis examines the radical neo-liberal movement — commonly labelled the 'new right' — as a hegemonic force in Australia between 1976 and 1996. It argues that the movement, through its think tanks, greatly assisted the process whereby the Australian state and economy were reorganised. Such assistance took the form of disorganising opponents of neo-liberalism; helping to shift elite debate to the Right; and offering a language and framework for critiquing the welfare state. It is argued that, in doing this, the radical neo-liberal movement acted as a vanguard for neo-liberal hegemony in Australia.

The thesis critically analyses the ideology of the radical neo-liberal movement as well as discussing the ways in which radical neo-liberals cohered as a movement. It assesses the relationship between the movement and the capitalist class, the commercial media and the Australian state, all of which are key sites and agents of hegemonic struggle. It is argued that the effectiveness of the radical neo-liberal movement was primarily due to the links it was able to forge with key fractions of Australian capital. These fractions — predominantly finance, mining and monopoly capital — were also the ones that mobilised to bring about the neo-liberal reorganisation of the Australian state and economy. In acting as a vanguard movement for neo-liberal hegemony, the radical neo-liberals supported the interests of these capitalist fractions. By understanding the radical neo-liberals as a movement, this thesis examines the way in which a 'non-class' group had an impact that was class relevant.

Published Material

Some of the material in this thesis was included in articles and chapters published during my doctoral candidacy. My early thoughts on the relationship between radical neo-liberal activists and hegemony were developed in Damien Cahill, 'Neo-liberal Intellectuals as Organic Intellectuals? Some Notes on the Australian Context', Paper Presented to the APSA Conference, ANU, 2000, which was published in the refereed proceedings of the APSA 2000 Conference. My analysis of the movement's new class discourse, which grew out of my honours thesis, was published in Damien Cahill, 'The Australian Right's New Class Discourse and the Construction of the Political Community' in Ray Markey (ed.), *Labour and Community: Historical Essays*, University of Wollongong Press, Wollongong, 2001, pp. 345-361 and Damien Cahill, 'Why the Right Uses 'Class' Against the Left', *Arena Journal*, No. 16, 2000/1, pp. 151-162. My thoughts on the mass media and hegemony were first developed in Damien Cahill, 'The Anti-WEF Protests and the Media', *Social Alternatives*, Vo. 20, January 2001, pp. 63-67. The broad argument of this thesis was first published in Damien Cahill, 'Funding the Ideological Struggle', *Overland*, 168. Spring 2002, pp. 21-26. In the following forthcoming publications I first the notions of 'One Nation' and 'Two Nations' hegemonic strategies and their relationship to the radical neo-liberal movement: Damien Cahill, 'New Class Discourse and the Construction of Left-wing Elites' in Marian Sawer and Barry Hindess (eds), *Us and Them: Anti-Elitism in Australia*, API Network, St. Lucia, 2004 and Damien Cahill, 'Contesting Hegemony: The Radical Neo-liberal Movement and the Ruling Class in Australia' in Nathan Hollier (ed), *Ruling Australia: The Power, Privilege and Politics of the New Ruling Class*, Australian Scholarly Publishing, Melbourne, 2004.

Much of the broad argument of the thesis was first developed in this published material.

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There are many who deserve thanks for facilitating the completion of this thesis.

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Thanks to those who read and commented on sections of this thesis: Kylie Smith; Susan Engel; Alistair Davidson; Andrew Wells; Michele Ford; Tim Cahill; Rowan Cahill; Erin Cahill; Pamela Cahill and Angela Pratt. Thanks also to those who gave of their time and offered valuable insights that helped me develop my arguments: Peter Sheldon; Andrew Gamble; Diane Stone; Sharon Beder; Terry Irving; Marx Rix and Susan Dodds.

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To Barbara and John Badham, thank you for your support.

To my family, thank you for your constant strength, support and encouragement.

And to Vanessa Badham – how can I encapsulate the enormity of your contribution, other than to say thanks, baby.

Introduction

Beginning in the 1970s under the Whitlam Labor government, and growing in both pace and intensity during the 1980s and 1990s, a radical restructuring of the Australian state and economy took place. The institutions of arbitration and tariff protection — the products of Australia's turn-of-the-century class compromise — which had underpinned Australia's economic development during the twentieth century, were gradually dismantled. Concurrently, the post World War Two class compromise, which had bound the leaderships of both the domestic working and capitalist classes to a form of Keynesian welfare capitalism, was abandoned. The new configuration of the state and economy that emerged out of this restructuring can be broadly categorised as a form of neo-liberal capitalism.

In order to be successful, and in order not to rely upon mere force for its imposition, any such restructuring requires a concomitant reorganisation of social relations. It requires the disorganisation, or neutering, of major opposition and the construction of an alliance of social forces committed to its continuation or maintenance. The legitimacy of such a restructuring also entails a reorganisation of 'common sense': the discursive arrangements that mediate people's understanding of the world, and their understanding of the roles of themselves and others within it. In other words, the neo-liberal restructuring of the state and economy that occurred in Australia from the 1970s onwards entailed a corresponding attempt to secure hegemony.

This thesis analyses the contribution of one group — the group commonly referred to as the 'new right' — to the struggles that occurred in Australia, until 1996, to secure hegemony for neo-liberal capitalism. The thesis argues that the 'new right' is best understood as an elite social movement with a specific ideological character — the radical neo-liberal movement. From its emergence in the mid-1970s, this radical

neo-liberal movement attempted to shift the terrain of political debate in Australia, to a position more sympathetic with its ideology: that the 'market', when free from state imposed constraints, was the most efficient, and most moral, way of producing and distributing most goods and services in society — whether they be consumer items or public goods such as education and healthcare — and, further, that the Keynesian welfare state constituted an inefficient and unjust form of social regulation. Think tanks and groups such as the Institute of Public Affairs (IPA), the Centre for Independent Studies (CIS), the Centre of Policy Studies (CoPS), the Australian Institute of Public Policy (AIPP), the H. R. Nicholls Society, Centre 2000, Crossroads, the Tasman Institute, the Institute for Private Enterprise (IPE), and the Australian Adam Smith Club, provided the radical neo-liberal movement with its organisational backbone. Employing simplistic dichotomies and emotive language, the radical neo-liberals mounted a concerted attack upon the Keynesian welfare state, socialism, social justice and their defenders. As an alternative they offered a reified model of capitalism in which the state acts as nightwatchman and individuals realise their liberty through voluntary market exchanges.

In examining the relationship between the radical neo-liberal movement and struggles for neo-liberal hegemony in Australia, this thesis offers three broad scholarly contributions: it is the only currently existing analysis to draw upon the notion of 'elite social movements' as a way of understanding what has commonly been referred to as the 'new right' in Australia; it provides a framework for assessing the 'impact' and 'influence' of the radical neo-liberal movement.; and it offers a contribution to the literature on social movement theory, hegemony and neo-liberalism.

In understanding the 'new right' as an elite social movement, this thesis clarifies some of the confusions inherent in the notion of the new right. The idea of the 'new right' has always been an imprecise one. There is no agreed upon definition. Where agreement exists, it is that the think tanks and forums already mentioned are a

crucial feature of the new right, and that, as the term itself suggests, there is something 'new' about them, yet they are also fundamentally grounded in a right-wing ideology.

What marks the group of academics, journalists, and businesspeople who congregated around the IPA, CIS, H. R. Nicholls Society and other similar organisations as new, and what defines them ideologically, is their radical critique of the welfare state, and their concrete proposals for its dismantling. As Marian Sawer argued in 1982:

> they are united in the belief that state intervention to promote egalitarian
> social goals has been responsible for the present economic malaise, and
> has represented an intolerable invasion of individual rights.[1]

There are those who viewed the welfare state and Keynesian economic planning as inhibiting Australia's economic development, who sought to deregulate capitalist markets and impose market mechanisms for the delivery of some public goods — such as education and health care — and yet who still advocated a strong and positive role for the state in the management of the economy and the provision of services. In contrast, the groups and individuals who are the subject of this thesis are defined by their absolute and unshakable belief in the ability of unfettered markets to create a harmonious, prosperous and moral society. While the former might be characterised as adhering to a version of neo-liberalism, the latter embody its more fundamentalist expression: radical neo-liberalism.

A lack of clarity has also characterised discussion of the 'new right's' organisational character. Numerous journalists have written of individuals being 'members' or holding 'membership' of the new right, as if it were a constituted organisation or a

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[1] Marian Sawer, 'Introduction' in Marian Sawer (ed), *Australia and the New Right*, George Allen and Unwin, North Sydney, 1982, p. viii.

political party.[2] Others have defined the new right via its think tanks,[3] sometimes describing them as 'interest groups'.[4] If radical neo-liberal think tanks are interest groups, then they are unique among the category. Radical neo-liberal think tanks do not engage in traditional lobbying, nor are they interested in the pragmatic compromises characteristic of interest group intervention in the policy process. In addition, although they are distinct organisations, radical neo-liberal think tanks are linked by a common ideology, by an overlapping leadership and participant base and by their emergence in a particular historical moment, in response to specific economic and political conditions and with common goals and common enemies. Furthermore, although think tanks are an important vehicle for radical neo-liberal ideology, radical neo-liberals have also acted outside of the their confines. David Kemp comes closer to the mark by describing what he calls 'radical liberalism', as 'linked in a nationwide network challenging traditional conservative centres of power'.[5] The notion of a 'network', however, fails to capture the dynamism and energy of the radical neo-liberals, nor does it do justice to the ways in which they contested power, engaged in hegemonic struggle and acted both within and outside the traditional policy-making structures of political parties and the bureaucracy.

It is only by describing the radical neo-liberals acting as a 'movement' that all of these features can be accommodated. The term 'radical neo-liberal movement', then,

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[2] See for example: Mike Taylor, 'New Right poses dilemma for employers but the answer may be found in Marx', *Australian Financial Review*, 3rd September, 1986, p. 8; Mike Steketee, 'Desperation and despair in heartland of Liberals', *Sydney Morning Herald*, 22nd April, 1989, pp. 8-9; Pamela Williams, 'New Right exerts its power on Liberals', *Australian Financial Review*, 17th December, 1987, p. 10; Steve Burrell, 'The New Right threat: MP warns', *Sydney Morning Herald*, 7th October, 1986, p. 1; Amanda Buckley, 'Liberal rifts curb celebration', *Australian Financial Review*, 29th January, 1987, p. 7.

[3] For example: Bette Moore and Gary Carpenter, 'Main Players' in Ken Coghill (ed), *The New Right's Australian Fantasy*, McPhee Gribble, Fitzroy, 1987, pp. 145-160; David McKnight, 'The New Right: A Consumer's Guide', Sydney Morning Herald, 6th September, 1986, pp. 41, 45; Laurie Aarons, Here *Come the Uglies: The New Right – who they are and what they Think*, Red Pen Publications, Forest Lodge, 1987.

[4] Trevor Matthews, 'Interest Groups' in Rodney Smith, *Politics in Australia*, 2nd edition, Allen and Unwin, St. Leonards, 1993, pp. 241-246.

[5] David Kemp, 'Liberalism and Conservatism in Australia since 1944' in Brian Head and James Walter (eds), *Intellectual Movements and Australian Society*, Oxford University Press, Melbourne, 1988, p. 340.

captures both the ideological and organisational novelty of what has commonly been referred to as the 'new right'. Under such a description, radical neo-liberals become 'participants' in the movement, or movement 'activists', rather than 'members' of the 'new right'. This is not however to deny that there have been debates, conflicts and differences of opinion within the radical neo-liberal movement. Most important among these has been that while some radical neo-liberals adopt a libertarian position on social and moral issues, most embrace social and moral conservatism. These tensions are largely kept in check through the movement activists' shared commitment to radical neo-liberalism and the solidarity they derive from having common enemies: the Left in general and the defenders of the welfare state, arbitration and tariffs. More important has been the contradiction between such a conservative morality and the radical neo-liberal commitment to a minimal state. These issues will be explored further in Chapters Two and Three, but it is enough to say for now that one of the strengths of the movement has been the extent to which such contradictions have been either masked or accommodated and reconciled within a radical neo-liberal framework.

In understanding the radical neo-liberals as a movement, there are clear associations with the 'new social movements' — such as the environment movement, the feminist movement, the peace movement and the gays rights movement — which arose in the late 1960s and which many theorists heralded as superseding labour as an emancipatory social agent. There is however a crucial difference between the radical neo-liberal movement and the new social movements, which, although discussed in more detail in Chapters One and Three, is worth noting here because of its importance for understanding the dynamics of the radical neo-liberals. The fundamental difference between the two is that whereas the new social movements have been rooted in resistance and popular protest, the radical neo-liberal movement is a fundamentally elitist movement with a small social base and clear links with sections of the capitalist class. It is therefore as an 'elite social movement' that the radical neo-liberals are best described. Although some Australian scholars have

labelled the 'new right' as a 'movement', there has not been any thoroughgoing discussion of what this might mean. This thesis will, therefore, partly be an essay in definition.

Many claims have been made regarding the influence and impact of the 'new right' and its think tanks. Journalists have often ascribed strong influence to the radical neo-liberals. For example, in 1986, *The Australian*'s Greg Sheridan, in an article on the 'new right' wrote that they 'have started to win the battle of ideas',[6] and in the same year David McKnight claimed that it was the 'new right' which had de-railed Labor's successful consensus style of politics, putting in doubt a third term of Labor federal government.[7] In *The Challenge For Unions: Workers Versus The New Right*, John Wishart endorses the notion that the radical neo-liberals exert considerable influence:

> Through their network, and with the unfailing assistance of most Australian media outlets, they [The New Right], have shifted public opinion towards support for 'user-pays' education and health care, labour market de-regulation, and the sale of government assets and services to private capital.[8]

Similarly, Marian Sawer argues that free-market think tanks have, 'played a significant role in influencing public opinion'[9] and Michael Pusey states:

> No one can doubt the tremendous success that the 'New Right' American and British policy organisations and think tanks have had first

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[6] Greg Sheridan, 'Just Who Are The New Right?', *Weekend Australian*, September 6-7, 1986, p.17
[7] David McKnight, 'The New Right: A Consumer's Guide', p. 41.
[8] John Wishart, *The Challenge for Unions: Workers versus the New Right*, Left Book Club Co-operative Ltd, Sydney, 1992, p.31.
[9] Marian Sawer, *Public Perceptions of Multiculturalism*, Centre for Immigration and Multicultural Studies, Canberra, 1990, p.1.

in cloning themselves in Australia, and then in reorganising the public policy agenda along Anglo-American 'free market' lines.[10]

Ian Marsh, who has written extensively on Australian think tanks, concludes that the 'neo-liberal or new right group of think tanks' have been 'spectacularly successful in popularising' their ideological agenda.[11]

More recently, Philip Mendes argues that:

> Their political influence over both ALP and Liberal Party governments has been significant. They have played an important role in shaping a harsher Australian social policy agenda that is less sympathetic to the welfare state, welfare producers and welfare beneficiaries.[12]

In contrast, Roy Green and Andrew Wilson virtually dismiss the influence of the radical neo-liberals during the Accord years, arguing that they were:

> ...an ill-defined and rather marginal force, capable of much noise, but lacking really solid support in the organisation of mainstream capital. More important was the opposition from modernising forces favouring deregulation grouped around the Business Council of Australia, whose primary impetus came from the need to orchestrate pressure on the Accord.[13]

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[10] Michael Pusey, *Economic Rationalism in Canberra: A Nation Building State Changes its Mind*, Cambridge University Press, Cambridge, 1991, p. 227.

[11] Ian Marsh, The Development and Impact of Australia's 'Think Tanks', CEDA, Melbourne, 1995, p. 11.

[12] Philip Mendes, 'Australian Neo-liberal Think Tanks and the Backlash Against the Welfare State', *Journal of Australian Political Economy*, No. 51, 2003, p. 50.

[13] Roy Green and Andrew Wilson, 'Labor's Trojan Horse: the 'Third Way' on Employment Policy' in Dennis Glover and Glenn Patmore (eds), *New Voices for Social Democracy; Labor Essays 1999-2000*, Pluto Press, Annandale, 1999, p.73.

These many assertions are often based upon little evidence. Indeed, despite numerous journalistic articles on the topic, there exists little scholarly analysis of the impact of the Australian 'new right' or radical neo-liberal movement. This thesis offers both a framework for evaluating the impact and influence of the radical neo-liberal movement — that of hegemony — as well as providing a detailed examination of a few key areas in which the movement attempted to intervene. There are several advantages to using hegemony as a framework for interpreting the movement's impact. Focussing upon struggles for hegemony allows account to be taken of the movement's contribution to discursive shifts and ideological conflicts, rather than merely its involvement in the policy process. Given that hegemony represents one aspect of class struggle, such an approach also allows attention to be focussed on the significance of the movement's relationship with capital. Rather than simply inferring the movement's impact by comparing its policy prescriptions with actual policy changes, as suggested by Murray and Pacheo,[14] this thesis outlines a theoretical framework for understanding such changes, and then undertakes a detailed analysis of the movement's impact within the arenas of the capitalist class, the mainstream commercial media and the state. The argument developed in this thesis is that the radical neo-liberal movement played the role of a vanguard for neo-liberal hegemony in Australia. Often acting through think tanks, the radical neo-liberals helped to disorganise the opposition to neo-liberalism; helped shift political debate in Australia to the Right; and provided a language and framework for critiquing the welfare state and for justifying neo-liberalism. I argue that primarily though its links with capital was the radical neo-liberal movement able to overcome its relatively small and narrow participant base to have a hegemonic impact in Australia.

The use of hegemonic theory as a framework for understanding changes in Australian capitalism is unusual. Despite interest in studies of hegemony in the late

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[14] Georgina Murray and Douglas Pacheo, 'Think Tanks in the 1990s', p. 10, Marxist Interventions Website, <http://www.anu.edu.au/polsci/marx/interventions/thinktanks.htm> at 25th May, 2001.

1970s and early 1980s[15] recent scholarship has been largely devoid of such concerns.[16] In understanding the impact of the radical neo-liberals, the use of hegemonic theory is even more scant.[17] Internationally, however, the study of hegemony has burgeoned. More importantly, a number of scholars have employed theories of hegemony to help understand both the shifts from welfare to neo-liberal capitalism internationally,[18] as well as to theorise overseas manifestations of the 'new right'.[19] So, while this thesis is relatively novel in its use of theories of hegemony as a framework for understanding both the major changes in Australian capitalism and the impact of the radical neo-liberal movement, such a framework will be developed through drawing on the substantial international literature on the subject.

In developing a framework for understanding elite social movements and then examining the impact of one particular elite social movement, this thesis adds to the literature on social movements. Social movement literature has tended to focus upon movements of subordinated groups, whilst studies focussing on neo-liberalism or the

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[15] Sere for example: R. W. Connell, *Ruling Class, Ruling Culture: Studies of Conflict, Power and Hegemony in Australian Life*, Cambridge University Press, Cambridge, 1977; R. W. Connell and T. H. Irving, *Class Structure in Australian History: Documents, Narrative and Argument*, Longman Cheshire, Melbourne, 1980; Alistair Davidson, *Antonio Gramsci: Towards and Intellectual Biography*, Merlin Press, London, 1977.

[16] See however Ed Kaptein, 'Neo-liberalism and the Dismantling of Corporatism in Australia' in Henk Overbeek (ed), *Restructuring Hegemony in the Global Political Economy: The Rise of Transnational Neo-liberalism in the 1980s*, Routledge, London, 1993, pp. 79-109; Stephen Bell, Ungoverning the Economy: *The Political Economy of Australian Economic Policy*, Oxford University Press, Melbourne, 1997, pp. 116-117.

[17] But see Boris Frankel, *From the Prophets Deserts Come: The Struggle to Reshape Australian Political Culture*, Arena Publishing, North Carlton, 1992, pp. 136-140.

[18] Henk Overbeek (ed), *Restructuring Hegemony in the Global Political Economy: The Rise of Transnational Neo-liberalism in the 1980s*; William Carroll and Murray Shaw, 'Consolidating a Neoliberal Policy Bloc in Canada, 1976-1996', *Canadian Public Policy*, Vol. 27, No. 2, 2001, pp. 195-217; Stuart Hall, 'The Toad in the Garden: Thatcherism Among the Theorists' in Cary Nelson and Lawrence Grossberg (eds), Marxism and the Interpretation of Culture, Macmillan Education, London, 1988, pp. 35-57; Colin Hay, 'Housing Policy in Transition: From the Post-war Settlement Towards a 'Thatcherite' Hegemony', *Capital and Class*, Spring 1992, pp. 27-64; Colin Hay, *Re-*

'new right' have tended to concentrate their attention on think tanks and elite actors, rather than viewing these as cohering through a movement. The thesis contributes to the international literature on hegemony by developing, in Chapter One, a multi-levelled model of hegemony and using it to understand the major shifts in hegemony that occurred in Australia in the transformation from welfare to neo-liberal capitalism. In its analysis of the major changes that occurred within Australian capitalism from the 1970s until the 1990s, this thesis also contributes to international understanding of neo-liberalism. The thesis draws upon contemporary literature to develop an understanding of neo-liberalism that goes beyond the simplistic notion of neo-liberalism as a reduction in the power and size of the state. Rather this thesis seeks to understand neo-liberalism as a manifestation of class struggle, and an attempt to transfer greater power to capital and shift resources from the public to private sectors.

Methodology

There are inevitable limitations in undertaking a thesis such as this. First, there is the physical limitation that, due to the movement being a relatively recent phenomenon, and due to its semi-clandestine nature, important details of the movement's activities do not exist on the public record. Primary documentation regarding minutes of meetings of the movement's think tanks, the financial record of think tanks and the personal papers of movement activists are not housed in publicly accessible archives. As a non-participant in the movement, and as one unsympathetic to the movement's framework, I have had little success in gaining access to such documents. During the research for this thesis I wrote to major movement organisations, requesting details of their funding and access to their archives and files. These requests were all either denied or ignored. Therefore, in addition to secondary sources, this thesis relies upon the published output of radical neo-liberal organisations and activists, interviews with movement activists, interviews with key

figures from other major social groups regarding their relationships with the movement, limited primary documentation of movement activities that is held in the archives of employer associations and of the IPA.[20]

The second limitation is that imposed by the length of the thesis itself. Given the enormity of the radical neo-liberal movement's activities during the period under review, and given the need to establish a framework for understanding the movement, the analysis of the movement's relationship with struggles to secure neo-liberal hegemony undertaken here cannot hope to be comprehensive. It is for this reason that the study has been limited to surveying the period between 1976 and 1996. 1976 marks the beginnings of the movement while 1996 has been chosen as the end point because it marks the election of the Howard Coalition government federally. This is significant because existing evidence indicates that the role of the radical neo-liberal movement changes somewhat at this time. Ending the thesis at this point allows for consideration of the movement's relationship with the key changes that occurred in the neo-liberal transformation of the Australian state and economy, and allows an indicative discussion of the changes in the movement's relationship with the government and bureaucracy after 1996.

The final limitation of this thesis concerns the difficulties in accounting for influence and impact. One of the enduring difficulties for social movement research has been to articulate methods for evaluating the impact of movements. As Marco Guigni points out, the main difficulty has been 'the problem of causality, that is, how to establish a causal link between a given movement and an observed change'.[21] It is tempting, for example, when considering the impact of the radical neo-liberal movement, to identify the movement's agenda and then match this against changes

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[20] Although the IPA archive at the Noel Butlin Archives Centre does not contain internal documents for the period under review here, it does contain primary documents from the Australian Lecture Foundation, another movement organisation.

[21] Marco Giugni, 'How Social Movements Matter: Past Research, Present Problems, Future Developments' in Marco Giugni, Doug McAdam and Charles Tilly (eds), *How Social Movements Matter*, University of Minneapolis Press, Minneapolis, 1999, p. xxiv.

in state policy that have occurred during the lifetime of the movement. This approach tells us little if anything about the role of the radical neo-liberal movement in bringing about such changes. It is possible, for example, that there were other sources of the ideas in question as well as other interests contributing to the identified changes. What is required instead is an explicit framework for the evaluation of the impact of the radical neo-liberal movement. The advantage of viewing the impact of the radical neo-liberal movement through the analytical lens of hegemony is that a framework can be developed for identifying the key components of efforts to secure hegemony. In this thesis these components are referred to as the 'constitutive components of hegemony' and they are discussed in Chapter One. The contours of the struggle to reshape hegemony can then be mapped and, through detailed examination of the movement's relationship with key social institutions, the contribution of the movement to these process can be suggested.

The analysis therefore will proceed in the following manner:

1. a framework for understanding hegemony, elite social movements and class conflict will be developed;

2. the core ideas, discursive practices, aims and tactics of the radical neo-liberal movement will be identified;

3. the broad counters of hegemonic struggles in Australia from 1976-1996 will be outlined;

4. the relationships between the radical neo-liberal movement and other key groups and institutions involved in hegemonic struggles (the capitalist class, the labour movement, political parties, the bureaucracy, state apparatuses and the mainstream commercial media) will be identified and critically evaluated;

5. conclusions will then be drawn about the relationship between the radical neo-liberal movement and struggles to secure hegemony for neo-liberalism in Australia. It will be argued that the radical neo-liberal movement played a

vanguard role in this process: rather than directing the process of neo-liberal change the movement was at the forefront of attacks upon the old hegemonic order of welfare capitalism and its defenders.

Thesis structure

Chapter One outlines the theoretical framework that will be employed to analyse the radical neo-liberal movement and its relationship with struggles for hegemony. After discussing the notion of hegemony in a general sense, the chapter develops a multi-dimensional model for understanding hegemonic struggle and consolidation. The notion of 'non-class' agents and 'class relevant' impacts are developed in order to account for the relevance of elite social movements to struggles for hegemony. Finally, Chapter One develops the concept of elite social movements and offers some similarities and differences with social movements as traditionally understood.

Chapters Two and Three examine the radical neo-liberal movement itself. Chapter Two discusses the ideology of the radical neo-liberal movement: its beliefs, assumptions, rhetoric and antecedents. The movement's core values are examined and this provides a basis for understanding the movement's utopian policy agenda. Attempts by the movement to reconcile the inevitable contradictions between radical neo-liberal and conservative ideologies are also examined. Chapter Three analyses how it is that the radical neo-liberals cohere as a movement. It looks at how the movement has developed over time, and examines radical neo-liberal think tanks — the mobilising structures of the movement. After outlining the major tactics employed by the movement to contest hegemony, the chapter discusses the dynamics of the relationship between the radical neo-liberal movement and those conservative intellectuals with whom an alliance existed throughout the 1980s but who would later become prominent critics of the movement.

Chapter Four links the Chapter Two and Three with the final section of the thesis by outlining the hegemonic context within which the radical neo-liberal movement emerged, grew and attempted to bring about a radical restructuring of common sense. In order to provide a basis for understanding the relationship between the movement and other key actors in struggles for neo-liberal hegemony, Chapter Four focuses upon the changing dynamics of the capitalist class and the Australian state from 1976 to 1996. It is argued that, from the 1970s onwards, key fractions of capital mobilised in order to bring about a neo-liberal restructuring of the Australia state and economy.

Chapters Five, Six and Seven examine the relationship between the radical neo-liberal movement and some of the major sites of hegemonic struggle and some of the key agents of such struggles. Chapter Five investigates the movement's relationship with the Australian capitalist class. As well as discussing the movement's impact upon Australian capital, this chapter reveals that key fractions of capital were crucial to the emergence, longevity and impact of the radical neo-liberal movement in Australia. Chapter Six analyses the relationship between the radical neo-liberal and the mainstream news media in Australia. A case study of the Fairfax media's coverage of the movement, and of the movement's access to the Fairfax media, provides the basis for drawing conclusions about the movement's relationship with the broader commercial media in Australia. It is argued that the commercial media in Australia was an important and sympathetic vehicle for the widespread dissemination of radical neo-liberal discourse and ideology. Chapter Seven examines the impact of the radical neo-liberal movement upon some of the major institutions of the Australian state: the bureaucracy; the major political parties; and the pubic education system. Particular attention is paid to the ways in which the radical neo-liberal movement was instrumental in the Coalition's embrace of neo-liberalism, and was used by successive Labor governments as a convenient way of legitimating their own, less radical, neo-liberal program.

From the examination undertaken throughout these chapters it is concluded that the radical neo-liberal movement played a vanguard role in the struggles to secure hegemony for neo-liberalism in Australia until 1996. Although the neo-liberal restructuring of the Australian state and economy would have proceeded without its appearance, the radical neo-liberal movement helped neutralise opposition and open up a discursive space in which neo-liberalism could be inscribed onto the discursive terrain of common sense.

Chapter 1

Hegemony, Class Conflict and Elite Social Movements

As stated in the Introduction, this thesis analyses the relationship between an elite social movement and struggles for hegemony. It analyses the role of the radical neo-liberal movement in attempts to secure hegemony for neo-liberalism in Australia. In order to undertake such an analysis it is first necessary to outline a theoretical framework for understanding the key concepts of hegemony and elite social movements. This chapter outlines a framework for understanding the terrain and dynamics of hegemonic struggles and then examines some of the key agents — particularly classes and elite social movements — involved in such struggles.

An important feature of the battles for hegemony examined in this thesis is that they occur within the framework of a relatively stable capitalist hegemony. From the late 1970s until the mid 1990s in Australia, the hegemony of the capitalist organisation of society was never seriously threatened. Rather, what occurred were struggles over the ways in which the Australian capitalist state was organised. Specifically, the hegemony of the Keynesian welfare state was challenged by a series of neo-liberal, counter-hegemonic projects. Attempts were made to win 'consent' — within the state and throughout the broader population — for a new set of state-labour-capital relationships, but ones that remained fundamentally capitalist in nature. This chapter provides tools for understanding such phenomena by developing a framework which recognises distinct but related 'levels' of hegemony, in which hegemony can be threatened or overturned at one level while remaining secure at other levels. Given its importance as both a key site, and object of, the struggles for hegemony analysed in this thesis, the capitalist state and its relationship to hegemony is also discussed.

The central dynamic of struggles to secure hegemony is that of class conflict. Classes however are not the sole agents of hegemony, and classes themselves are not monolithic. Within classes there often develop class 'fractions' with their own distinct sets of interests. Hegemony therefore reflects the outcomes not only of class conflict, but intra-class conflict as well. This chapter discusses the notion of class 'fractions' and takes a critical approach to the issue of class interests. It is also necessary to account for how movements, which do not neatly fit into the class conflict schema, can be agents of change. Specifically, what relevance might non-class actors, such as elite social movements, have to struggles over the hegemony of a particular form of capitalism: neo-liberal capitalism? While retaining the centrality of class conflict to hegemonic struggle, this chapter posits that social agents who are not 'class belonging' can nonetheless engage in struggles that are 'class relevant'.

Unfortunately, there is little literature which deals explicitly with elite social movements — the central 'non-class' agent studied in this thesis. Academic literature on new social movements tends to focus upon mass movements of the oppressed, thus excluding consideration of elite social movements from its conceptual frame. Through a critical analysis of the new social movement paradigm, this chapter outlines the differences between new social movements and elite social movements. However, it is also argued that new social movement theory provides useful tools for understanding the internal dynamics of elite social movements and, as such, this chapter draws upon social movement theory to sketch an outline of the characteristics of elite social movements.

Theorising Hegemony

Hegemony refers to the organisation of consent in capitalist society. Specifically, hegemony is the organisation of consent to a particular set of class relations.[1] The notion of hegemony is most often associated with the work of the Italian Marxist Antonio Gramsci. Although the term hegemony pre-dates Marxism[2] — and in Marxist theory pre-dates Gramsci[3] — Gramsci used the notion of hegemony to develop a unique account of the dynamics of capitalist society. Gramsci attempted to explain not only why the European working class had not been able to bring about a working class revolution, but also how it was that fascism was in the ascendancy. This dilemma, what Stuart Hall calls 'Gramsci's question',[4] led Gramsci to develop an understanding of capitalism in which class power is exercised and contested through culture, as well as through physical force, violence and coercion, as understood by traditional Marxism. Hegemony, then, is the organisation of consent primarily through non-coercive means.

One of the reasons that Gramsci survives as a theorist of continuing interest is the richness of his work. No doubt another reason is that Gramsci's writing is often riddled with ambiguities and imprecision.[5] The reason for this is that Gramsci's richest work was undertaken during his ten year internment in fascist prison. Ill health and prison conditions meant that Gramsci's prison writings do not constitute a completed body of work. In order that his writings were not identified as Marxist by prison authorities, Gramsci engaged in self-censorship.[6] Gramsci was also writing primarily about social conditions specific to Italy of the 1920s and 1930s, so

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[1] In this context, 'consent' can also refer to the absence of opposition.

[2] Raymond Williams, *Keywords: a Vocabulary of Culture and Society*, Fontana, Glasgow, 1981, pp. 117-118.

[3] Ernesto Laclau and Chantal Mouffe, *Hegemony and Socialist Strategy: Towards and Radical Democratic Politics*, Verso, London, 2001, pp. 7-46.

[4] Stuart Hall, 'Postscript: Gramsci and Us' in Roger Simon, *Gramsci's Political Thought: An Introduction*, Lawrence and Wishart , London, 1991, p. 115.

[5] See for example Perry Anderson, 'The Antinomies of Antonio Gramsci', *New Left Review*, No. 100, November 1976 - January 1977, pp. 5-78.

[6] Quentin Hoare and Geoffrey Nowell Smith, 'Preface', in Antonio Gramsci, *Selections from the Prison Notebooks*, International Publishers, New York, 1999, pp. xiii-xiv.

applying his analysis to other national contexts and other historical periods is difficult. Furthermore, the traditional major text in English that has been used by Gramsci-scholars is Gramsci's *Selections from the Prison Notebooks*, which is an edited version of original Italian text, the content of which was posthumously arranged by topic. Translations of the full Prison Notebooks, as they were compiled by Gramsci himself, have only recently become available in English. So, while Gramsci's work is incredibly rich in content, deriving from it a comprehensive and consistent theory of capitalist society is still a difficult task. What makes the task somewhat easier is the wealth of literature that has appeared in English during the last three decades devoted to explicating Gramsci's theories and applying them to contemporary capitalist society.

Gramsci's theory of hegemony expands upon Marx and Engels' argument that 'The ideas of the ruling class are in every epoch the ruling ideas'.[7] In hegemony, Gramsci provides the mechanism whereby this occurs. However, what sets Gramsci's work apart from traditional Marxism is that he goes beyond the deterministic schema that the economic base determines the cultural and political superstructure. Hegemony, the organisation of consent to a particular configuration of class relations, cannot simply be deduced from the economic superstructure of any given period. Rather, as Stuart Hall writes:

> Hegemony is *constructed* through a complex series or process of struggle. It is not given, either in the existing structure of a society or in the given class structure of a mode of production.[8]

The achievement of hegemony is contingent upon outcome of struggles for political, ideological and economic dominance in a given society at a given time. Such

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[7] K. Marx and Frederick Engels, *The German Ideology*, Progress Publishers, Moscow, 1976, p. 67.
[8] Stuart Hall, 'The Toad in the Garden: Thatcherism Among the Theorists', p. 53.

struggles can have unintended and unpredictable consequences, which means that hegemony rarely follows a pre-ordained road map.[9]

What makes Gramsci's theory of hegemony so useful for analysing really existing capitalist relations is his focus upon agency. Society is not static and neither is hegemony. Therefore, hegemony involves a constant process of struggle and negotiation:

> The overall picture that Gramsci provides is not one of ruling class domination. Rather it is a society in constant process, where the creation of counter-hegemonic strategies remains open.[10]

Furthermore, in order to maintain its dominant position, the dominant class must, if it does not wish to rely upon coercion as the primary means of governance, incorporate, at least to some extent, the interests of other social groups into its hegemonic project:

> Undoubtedly the fact of hegemony presupposes that account be taken of the interests and the tendencies of the groups over which hegemony is to be exercised, and that a certain compromise equilibrium should be formed — in other words, that the leading group should make sacrifices of an economic-corporate kind. But there is also no doubt that such sacrifices and such a compromise cannot touch the essential; for though hegemony is ethical-political, it must also be economic, must necessarily

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[9] A similar point is made by William Carroll: 'The organisation of consent is not deduced as a functional necessity: it arises as a contingent accomplishment, incorporating a mixture of strategic interventions and unintended consequences' in William Carroll, 'Restructuring Capital, Reorganising Consent: Gramsci, Political Economy, and Canada', *Canadian Review of Sociology and Anthropology*, Vol. 27, No. 3, August 1990, p. 393.

[10] T. J. Jackson Lears, 'The Concept of Cultural Hegemony: Problems and Possibilities', *The American Historical Review*, Vol. 90, No. 3, June 1985, p. 571.

be based on the decisive function exercised by the leading group in the decisive nucleus of economic activity.[11]

From this quotation, it is clear that hegemony, for Gramsci, is ultimately based upon class interests. Hegemony, however, is not simply reducible to class interest, and the need to incorporate the demands and interests of other groups necessarily creates contradictions. The strength of a hegemonic project is the extent to which such contradictions can be concealed or reconciled. The danger, however, is that the very existence of such contradictions throws open the possibility of counter-hegemonic strategies. Thus, agency is an integral feature of hegemonic struggle. Whilst the capitalist class structure provides the framework within which hegemonic struggles take place, the terrain of such struggles is constantly shifting and is created through the conflict and interactions of a variety of agents: such as workers, capitalists, intellectuals, movements, unions and employer associations. Hegemonic theory, then, provides conceptual tools with which to 'theorize practice within a dialectic of structure and agency'.[12]

It is clear from the preceding analysis that hegemony is always contested, even if only weakly. Hegemony is therefore never a system of total capitalist domination. T. J. Jackson Lears proposes that hegemony operates within a spectrum between open and closed: the more open the hegemonic relations the more susceptible they are to counter-hegemonic strategies; the more closed the hegemonic relations the more resilient they are to resistance and the fewer opportunities there are for counter-hegemonic strategies.[13] But a hegemonic system is never *completely* closed, and even in a *relatively* closed system, strategies of resistance are possible.

It is important to distinguish hegemony from mere ideology or ideological domination. First, hegemony is power exercised primarily through non-coercive

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[11] Antonio Gramsci, *Selections from the Prison Notebooks*, p. 161.

[12] William Carroll, 'Restructuring Capital, Reorganising Consent: Gramsci, Political Economy, and Canada', p. 393.

[13] T. J. Jackson Lears, 'The Concept of Cultural Hegemony: Problems and Possibilities', pp. 573-574.

means. It is all of those non-coercive aspects of society that support the dominance of one class, one class fraction or one alliance of social forces at any one time. Ideology, then is but one aspect of hegemony. Second, hegemony does not conform to the 'dominant ideology thesis' as critiqued by Abercrombie and Turner.[14] According to the dominant ideology thesis, the capitalist class maintains its power through the adoption of its worldview by the subordinated classes. The processes of hegemony, in contrast, are much more complex. Subordinated classes may take up the ideas of the dominant class only partially, and quite often hegemony is maintained through a set of contradictory discursive fields.

The constitutive components of hegemony

In contrast to a simplistic dominant ideology thesis, Gramsci conceived of hegemony as constituted by a number of distinct components. Hegemony cannot be understood without at least a rudimentary acquaintance with these unique concepts. For the following discussion I rely upon the categories identified by Roger Simon, who outlines Gramsci's components of hegemony.[15]

Central to hegemony are the *relations of forces* within society.[16] In order to achieve hegemony, a class must transcend economic-corporate, or sectional, interest and construct a program that combines the interests of other groups. It must create an alliance of social forces. Such a process necessarily entails compromise. However, at the same time, to achieve hegemony a class must also 'disorganise the alliances of the other [class], and … shift the balance of forces in its favour'.[17] In addition to this, to become hegemonic a class must incorporate other non-class interests, such as those of social movements, into its hegemonic project. Thus hegemony incorporates

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[14] Nicholas Abercrombie and Bryan S. Turner, 'The Dominant Ideology Thesis', *British Journal of Sociology*, Vol. 29, No. 2, 1978, pp. 149-170.
[15] Roger Simon, *Gramsci's Political Thought: an Introduction*, pp. 22-29.
[16] *Ibid.,* p. 24, 30-37.
[17] *Ibid.,* p. 24.

what Gramsci termed a *national popular* element.[18] In order to do this, a hegemonic project must be inscribed onto the discursive terrain of *common sense*.[19] Common sense for Gramsci is the, often contradictory, popular wisdoms and understandings of the world which can include the naturalisation of oppression. However, common sense can also be used to construct counter-hegemonic understandings of society. Related to common sense, but distinct from it, is the notion of *intellectual and moral reform*.[20] Hegemony must capture popular consciousness and transform the popular sense of morality and moral conduct.

By now it should be clear that the struggle for hegemony occurs not merely within the government or bureaucracy but also within *civil society*, and it is here that hegemony is organised.[21] Such a conception means that the combatants in struggles for hegemony include not just classes but also, potentially, social movements, trade unions, churches, voluntary associations, political parties, the media and a whole host of other actors within the sphere of civil society. Hegemony then, entails leadership in both the sphere of production as well as in civil society. This is what Gramsci calls the *historic bloc*.[22]

The formation of a historic bloc requires that the sectional interests of the dominant class are presented as universal interests.[23] As T. J. Jackson Lears writes:

> The keys to success are ideological and economic: to achieve cultural
> hegemony, the leaders of a historical bloc must develop a world view
> that appeals to a wide range of other groups within the society, and they

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[18] *Ibid.,* pp. 24-25, 43-46.

[19] *Ibid.,* pp. 26-27.

[20] Roger Simon, *Gramsci's Political Thought: an Introduction*, p. 26.

[21] *Ibid.,* p. 27, pp. 68-77.

[22] *Ibid.,* pp. 27-28.

[23] Robert W. Cox, 'Gramsci, Hegemony and International Relations: an Essay in Method' in Stephen Gill (ed), *Gramsci, Historical Materialism and International Relations*, Cambridge University Press, Cambridge, 1993, pp. 57-58.

must be able to claim, with at least some plausibility that their particular interests are those of society at large.[24]

This is an elaboration of Marx and Engels' argument that the dominant class must:

> … present its interest as the common interest of all the members of society, that is, expressed in ideal form: it has to give its ideas a form of universality, and present them as the only rational, universally valid ones.[25]

Gramsci's recognition of the need to construct hegemony in civil society *as well as* to control the means of production led him to develop the concepts of the *war of manoeuvre* and the *war of position*.[26] Whilst the Leninist model of revolution entailed as a first step to socialism the seizure of state power (the war of manoeuvre), Gramsci argued that the precondition of a durable socialist society was the achievement of leadership within civil society (the war of position). The bourgeoisie, on the other hand, because of its strategic position within the economy, is often able to use the apparatuses of the state to reorganise the economic structure of a nation without mobilising popular support and without the use of force. Gramsci called this process *passive revolution*.[27] In order to achieve hegemony, however, the bourgeoisie would still need to engage in a war of position. That is, the capture of state power is not, in and of itself, sufficient to achieve hegemony.

Intellectuals and hegemony

Central to these struggles for hegemony are intellectuals. Gramsci has a unique conception of intellectuals. He writes: 'All men are intellectuals … but not all men

[24] T. J. Jackson Lears, 'The Concept of Cultural Hegemony: Problems and Possibilities', p. 571.
[25] Karl Marx and Frederick Engels, *The German Ideology*, p. 68.
[26] Roger Simon, *Gramsci's Political Thought: an Introduction*, p. 29
[27] *Ibid.,* pp. 25-26, 47-51.

have in society the function of intellectuals'. What he means by this is that, although all men engage in thought and reflect — to varying extents — upon the social relations within which they exist (therefore 'one cannot speak of non-intellectuals'),[28] it is necessary to distinguish between such intellectual activity and those who occupy the social category of intellectuals. This social category is defined by an 'organisational function' in relation to either the capitalist class or the proletariat. Gramsci identified two types of intellectuals: organic intellectuals and traditional intellectuals. Organic intellectuals are the organisers of 'social hegemony and state domination'.[29] They provide ideological leadership to a class and articulate and implement the hegemonic project of that class. In addition, organic intellectuals, according to Gramsci, give self-awareness and unity to a class:

> Every social group, coming into existence on the original terrain of an essential function in the world of economic production, creates together with itself, organically, one or more state of intellectuals which give it homogeneity and an awareness of its own function, not only in the economic but also in the social and political fields.[30]

Traditional intellectuals, in contrast, are those whose positions and functions were instrumental to a preceding set of hegemonic relations. Gramsci gives the example of the Italian clergy who 'for a whole phase of history' held sway over the dominant religious, legal and educational institutions of the nation.[31] In order to implement a new hegemonic project, it is necessary for the organic intellectuals to 'assimilate and conquer "ideologically"'[32] the traditional intellectuals: meaning that the functions, practices and underlying assumptions of the traditional intellectuals need to be either superseded or incorporated into the new hegemonic project.

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[28] Antonio Gramsci, *Selections from the Prison Notebooks*, p. 9.
[29] *Ibid.,* p. 13.
[30] *Ibid.,* p. 5.
[31] *Ibid.,* p. 7.
[32] *Ibid.,* p. 10.

Clearly, Gramsci's conception of intellectuals is germane to this thesis which seeks to analyse a movement composed largely of intellectuals in the context of a specific hegemonic project. However, the categories into which Gramsci divides intellectuals are problematic. Some commentators have interpreted Gramsci's notion of organic intellectuals as having primarily an ideological function. Zygmunt Bauman, for example, describes organic intellectuals as:

> those intellectuals who articulated the worldview, interests, intentions and historically determined potential of a particular class; who elaborated the values which needed to be promoted for such a potential to be fully developed; and who legitimised the historical role of a given class, its claim to power and to the management of the social process in terms of those values.[33]

However, the notion of organic intellectuals would seem to be broader than Bauman suggests. Sassoon, for example, argues that organic intellectuals have an ideological, organisational *and technical* role.[34] Gramsci himself, at one stage, includes the 'industrial technician' in his definition of organic intellectuals, suggesting a role in the organisation of production.[35] Others have argued that Gramsci's distinction between organic and traditional intellectuals is 'incoherent'.[36]

Incoherent or not, it is clear that the category of organic intellectuals is potentially vast — including not only the activist partisan intellectuals under study in this thesis, but also, among others, bureaucrats, consultants and theorists of business organisation. Of course, Gramsci's formulation of the function of intellectuals suffers from the same problem, already discussed, as the rest of his prison writings:

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[33] Zygmunt Bauman, *Intimations of Postmodernity*, Routledge, London, 1992, p. 1.
[34] Anne Showstack Sassoon, *Gramsci's Politics*, (2nd edition), Hutchinson Education, London, 1987, p. 139.
[35] Antonio Gramsci, *Selections from the Prison Notebooks*, p. 5.
[36] T. J. Jackson Lears, 'The Concept of Cultural Hegemony: Problems and Possibilities', p. 572; Jerome Karabel, 'Revolutionary Contradictions: Antonio Gramsci and the Problem of Intellectuals', *Politics and Society*, No. 6, 1976, pp. 123-172.

that of writing under fascist incarceration. But perhaps a further problem can be identified specifically in relation to Gramsci's conception of intellectuals tied to the capitalist class. This problem stems from the fact that one of Gramsci's main intellectual tasks in his prison writings was to formulate strategies for working class revolution; that is, ways in which the working class could articulate and construct a counter-hegemonic project capable of overthrowing bourgeois rule. A pre-condition for constructing a counter-hegemonic project was that the working class develop its own organic intellectuals. Therefore, much of his writing about intellectuals, particularly organic intellectuals, was concerned with this task. Gramsci argued that the revolutionary party needed to develop a new type of intellectual who would be more than just an effective communicator, but who would, rather, articulate a counter-hegemonic project through a synthesis of revolutionary theory and working class practice or lived experience:

> The mode of being of the new intellectual can no longer consist in eloquence, which is an exterior and momentary mover of feelings and passions, but in active participation in practical life, as constructor, organiser, "permanent persuader" and not just a simple orator.[37]

Gramsci discussed organic intellectuals of the working class at greater length than he did those from the bourgeoisie. Yet, for the purposes of the present study, it is the relationship of a specific group of intellectuals to the capitalist class with which we are concerned. While it is tempting to theorise the radical neo-liberal movement as 'organic intellectuals' of the capitalist class, it is argued in this thesis that the radical neo-liberals played a vanguard, rather than an organisational, role for the capitalist class in Australia.[38] What can be salvaged, however, from Gramsci's understanding of intellectuals, is that intellectuals are central to struggles for hegemony. Although the radical neo-liberals may not fit neatly into Gramsci's notion of organic

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[37] Antonio Gramsci, *Selections from the Prison Notebooks*, p. 10.
[38] This is in contrast to my earlier attempt to theorise neo-liberal intellectuals as organic intellectuals: see Damien Cahill, 'Neo-liberal Intellectuals as Organic Intellectuals? Some Notes on the Australian Context', Paper Presented to the APSA Conference, ANU, 2000.

intellectuals, they have nonetheless, as will be argued, played a crucial hegemonic function.

Discourse and hegemony

The compatibility of discourse analysis with the theory of hegemony has been noted by a number of theorists. In his studies of Thatcherism, Stuart Hall proposes a complementary relationship between Gramsci's notion of hegemony and Foucault's conception of discourse.[39] Similarly, T. J. Jackson Lears argues that Gramsci's emphasis upon the ways in which particular modes of language discourage the conceptualisation of political alternatives 'anticipated Michel Foucault's emphasis upon the role of "discursive practice" in reinforcing domination'.[40] Discourse, for Foucault, is the vehicle for the production of knowledge, and thus of truth and meaning. The ways in which we speak about the world, and the ways in which the world is spoken about to us delimits the ways in which we conceive of the world and thus way we act within and upon the world. Discourse is shaped by national, institutional and temporal contexts. Foucault argues that, within such contexts, we can identify particular discursive formations — a set of linked and regularised statements, texts and concepts:

> Whenever one can describe, between a number of statements … a system of dispersion, whenever, between objects, types of statement, concepts of thematic choices, one can define a regularity (an order, correlations, positions and functionings, transformations) we will say, for the sake of convenience, that we are dealing with a *discursive formation*.[41]

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[39] Stuart Hall, 'The Toad in the Garden: Thatcherism Among the Theorists', pp.51-52.
[40] T. J. Jackson Lears, 'The Concept of Cultural Hegemony: Problems and Possibilities', p. 569.
[41] Michel Foucault, *The Archaeology of Knowledge*, Travistock Publications, London, 1977, p. 38.

Speaking or acting within a particular discursive formation is, for Foucault, an example of discursive practice. So discourse is more than language; it is fundamentally about practice as well.

Discourse is one of the major mechanisms of hegemony. Discourse constructs its own subjects and objects — we see ourselves and others through discourse. Discourse constructs categories of the normal through the identification of difference and otherness. It is through discourse that subject positions consistent with a particular hegemonic project can be offered, and through discursive practice that such subject positions can be realised. It is also through discourse and discursive practice that the boundaries of common sense are defined. In any hegemonic project, discourse is deployed by social agents — whether it be classes, class fractions, state institutions, trade unions, media organisations or social movements — in order to re-shape common sense, define opponents and offer subject positions consistent with that hegemonic project. In order to be successful, such discursive deployment must relate to social practice. That is, discourse must make sense in terms of the lived reality of its subjects. This has been recognised by the British Marxists who have analysed Thatcherism as a hegemonic project. Writing on Britain's 'Winter of Discontent', Colin Hay argues:

> It was in distorting and simplifying, but above all in *interpreting* and *giving meaning to*, the events of the Winter of Discontent that Thatcherism sowed the seeds of its hegemonic project and secured state power.[42]

Stuart Hall makes a similar point:

> 'Thatcherism's … success and effectivity does not lie in its capacity to dupe unsuspecting folk but in the way it addresses real problems, real

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[42] Colin Hay, *Re-stating Social and Political Change*, p. 139.

and lived experiences, real contradictions — yet it is able to represent them within a logic of discourse which pulls them systematically into line with policies and class strategies of the right'.[43]

Just as theorists of hegemony recognise that it is never absolute and always contested, so Foucault recognised that, because discourse is both subordinating and enabling, the potential for resistance is always present.

State transformation and hegemony

A major site of hegemonic struggle, and an important vehicle for the implementation of hegemonic strategy, is the state. The period examined in this thesis is one in which the Australian state underwent a major structural transformation: the Keynesian-welfare state was superseded by the neo-liberal state. Given that the subject of this thesis, the radical neo-liberal movement, had as its aim the dismantling of the Keynesian welfare state, it is necessary to establish a broad framework for understanding the Australian state: its limitations, potentialities and the relationships between the state and hegemony.

A key concept that will be employed in this thesis for theorising the relationship between the state and hegemony is that of 'state projects'. The notion of state projects is derived from the work of Bob Jessop. For Jessop it is 'state projects' that provide coherence to the different strategies and institutions of a state at any particular time. A state project is the broad program or logic that provides an overarching framework for the trajectory of the state and its relationship with the economy and civil society at any given time:

> To understand the never-ending and ever renewed process of state formation it is not enough to examine its institutional building blocks.

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[43] Stuart Hall quoted in Colin Hay, *Re-stating Social and Political Change*, p. 139.

> We must also consider the 'state projects' which bond these blocks
> together with the result that the state gains a certain organisational unity
> and cohesiveness of purpose.[44]

We can speak for example of the Keynesian welfare state project and the neo-liberal state project. State projects may overlay older state projects — such as the Keynesian welfare state project which overlay and complemented the earlier class compromise of the 'Australian Settlement' or 'domestic defence' model.

State projects are the product of class struggle. The state itself is an arena of class struggle. That is not to say, however, that the state is a neutral terrain for such struggle. To the extent that the state is a capitalist state it is predicated on the maintenance of the capitalist mode of production. Furthermore, the structural power of the bourgeoisie affords it a 'privileged position'[45] in relation to state project formation. Despite this, it is also mistaken to view the state as simply an instrument for the use by the bourgeoisie for its own ends. Not only do organised labour and other non-class forces such as social movements influence the formation of state projects, but, as Ralph Miliband recognised in his later years, the state itself, or sections within the state, may be actors in their own right with their own distinct interests (political parties, for example).[46] It would be wrong, however, to imagine that, under normal circumstances, such interests could be completely divorced from the interests of capital or of specific fractions of capital.

While the rationality of the capitalist state leads it in attempts to secure the expanded reproduction of capital, the outcomes of such attempts are by no means certain. State projects may throw up their own contradictions. For example, the provision by the

[44] Bob Jessop, *State Theory: Putting the Capitalist State in its Place*, Polity Press, Cambridge, 1990, p. 353.
[45] This term is taken from Charles Lindblom, although it is used here more broadly than Lindblom intended. See Charles Lindblom, *Politics and Markets: the World's Political-Economic Systems*, Basic Books, New York, 1977, pp. 170-188.
[46] Ralph Miliband, *Class Power and State Power*, Verso, London, 1983, pp. 65-66.

state of accessible higher education may benefit the capitalist class by providing a larger pool of skilled labour, however it may also provide such labourers with the intellectual arsenal for critiquing the capitalist mode of production as an inherently exploitative relationship. To take another example, a state that regulates labour power with the aim of full employment may create the conditions whereby the power of the capitalist class is threatened by a confident labour movement. Even when the capitalist state attempts to work in the perceived interests of capital, the fact that the future is unknowable and that perfect knowledge of interests is impossible, means that the resulting state project may not, in fact, promote conditions for securing continued capital accumulation.[47]

Jessop's notion of state projects is part of what he calls a 'strategic-relational' approach for understanding the capitalist state.[48] According to Jessop, while there are certain key features that characterise the capitalist state, it is impossible to speak of the capitalist state as an entity with a universal form across time and space. For example, the capitalist state enjoys a monopoly on the means of violence and coercion and through these, and the legal system, guarantees the enforcement of private property rights. Through taxation the state funds the development of infrastructure essential for the maintenance of a capitalist society. The state provides a framework for the sale and use of labour power as a commodity. The inbuilt rationality of the capitalist state is the maintenance of the capitalist mode of production. Beyond these broad parameters however, it is difficult to generalise about the features of the capitalist state. Indeed Jessop talks of the 'capitalist type of state': recognition that each particular capitalist state is a product of historic struggles and particular national and regional contexts.[49] For Jessop also there are no guarantees that capitalist types of state will always act in the interests of the capitalist class as a whole or in a way that will enable the continuation of capital

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[47] Bob Jessop, *State Theory: Putting the Capitalist State in its Place*, p. 354.
[48] See for example, Bob Jessop, *State Theory: Putting the Capitalist State in its Place*, p. 149 and Bob Jessop, *The Future of the Capitalist State*, Polity Press, Cambridge, 2002, pp. 34-36.
[49] Bob Jessop, *The Future of the Capitalist State*, pp. 37-42; Bob Jessop, *State Theory: Putting the Capitalist State in its Place*, pp. 355-358.

accumulation.[50] The strategic-relational approach to understanding capitalist states involves analysing the particular 'strategic capacities' of a particular state at a particular time.[51] This enables an appreciation of which particular groups are privileged at any given moment in time, which strategies for change and transformation are likely to be successful and what the limitations upon such strategies are likely to be.

What does this mean for the relationship between the state and hegemony? Gramsci had, at times, a broad conception of the state: 'One might say that State = political society + civil society, in other words hegemony protected by the armour of coercion'.[52] The state then, if it is not to govern through coercion alone, must fight for hegemony in the institutions and spaces of civil society. This is also true for state projects. In order to be successful, each state project requires a concomitant hegemonic project which acts upon those outside of the state as well as those institutions and individuals within the state itself.[53] Conversely, the breakdown of a state hegemonic project *may* require the articulation of a new state project (in response to a legitimation crisis for example).[54]

Hegemony: a multi-levelled approach

As mentioned earlier in this chapter, theorists of hegemony in the last two decades have produced a rich source of tools with which Gramsci's original work can be both interpreted and adjusted to the conditions of late twentieth century capitalism. The rise of neo-liberalism as the dominant ideology of governments globally helped to renew interest in hegemonic theory. The abandonment of the Keynesian welfare state in favour of the neo-liberal state raised questions about how and why

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[50] Bob Jessop, *The Future of the Capitalist State*, p. 41.
[51] Bob Jessop, *State Theory: Putting the Capitalist State in its Place*, p. 10.
[52] Antonio Gramsci, *Selections from the Prison Notebooks*, p. 263.
[53] Bob Jessop, *State Theory: Putting the Capitalist State in its Place*, p. 210.
[54] Colin Hay, *Re-stating Social and Political Change*, pp. 94-96.

fundamental shifts in relations between the state, capital and labour, and concomitant shifts in ideology, occur.

Of particular relevance to this thesis are the debates that occurred among British Marxists who sought to analyse the phenomenon of 'Thatcherism' in terms of hegemony. The rise to power and subsequent longevity of Margaret Thatcher forced some within the British intellectual and political Left to rethink their analysis and political strategy. The Thatcher government set about dismantling many of the institutions of the post-war British consensus — of the welfare state. Thatcher also mounted a concerted and often violent assault upon the organised working class in Britain. At the same time, Thatcher was able to maintain power. She kept getting elected and the response by the Labor Party and the Left seemed to be ineffectual. So, Thatcher embarked upon a radical restructuring of the British state in the interests of sections of the capitalist class, all the while enjoying electoral success. This provided the context for Marxist scholars such as Stuart Hall and Martin Jacques, Andrew Gamble, Colin Hay and Bob Jessop, Kevin Bonnett, Simon Bromley and Tom Ling to attempt to understand the changes within British politics in terms of Gramsci's theory of hegemony. Their analyses offer useful insights for understanding changes that occurred in Australia during the same period.

The first to make such an attempt — and perhaps the most well known proponents of the Thatcherism-as-a-hegemonic-project argument — were Stuart Hall and Martin Jacques.[55] Hall and Jacques argued that Thatcherism was a hegemonic project: an attempt to restructure the British state — to move from a welfare state to neo-liberal state — and a concomitant attempt to recast 'common sense' in a way

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[55] See Martin Jacques, 'Thatcherism — Breaking out of the Impasse' in Stuart Hall and Martin Jacques (eds), *The Politics of Thatcherism*, Lawrence and Wishart, London, 1983, pp. 40-62; Stuart Hall, 'The Great Moving Right Show' in Stuart Hall and Martin Jacques (eds), *The Politics of Thatcherism*, pp. 19-39; Stuart Hall, 'Popular-Democratic vs Authoritarian Populism: Two Ways of 'Taking Democracy Seriously' in Alan Hunt (ed), *Marxism and Democracy*, Lawrence and Wishart, London, 1980, pp. 157-185; Stuart Hall, 'Authoritarian Populism: a Reply to Jessop et al', *New Left Review*, No. 151, May/June 1985, pp. 115-124; Stuart Hall, 'The Toad in the Garden: Thatcherism Among the Theorists'.

that complemented such restructuring. Hall and Jacques described this process as 'authoritarian populism'. They argued that ideological space had been created for this project because of a crisis of hegemony in Britain during the 1970s. The strength of the Hall and Jacques analysis is that, using insights from Foucauldian theory, they focused upon the discursive practices that underpinned the success of Thatcherism. However, this also left them open to the criticism that they were focusing primarily upon hegemonic discourses and not enough, or not at all, upon political economy, and the class interests that underpinned the restructuring of the British state.

Where other British Marxists improved upon the Hall and Jacques argument was in their understanding of the nature of the hegemonic crisis confronting the British state in the 1970s and the concomitant recasting of the analysis of hegemony this suggested. It is these insights that I develop further here.

In separate critiques, Andrew Gamble and Colin Hay made the key point that if Thatcherism was a hegemonic project, it was a hegemonic project that existed within the boundaries of the capitalist mode of production. The economic crisis of the 1970s did not threaten the 'basic legitimacy of the Western liberal capitalist system.'[56] In the transformation from welfare capitalism to neo-liberal capitalism, the hegemony of the capitalist system itself was never seriously in doubt. As Colin Hay writes of the mid to late 1970s:

> … although there is no questioning that there was a crisis of the
> Keynesian Welfare State, the automatic supposition that this was in fact
> a reflection of a deeper crisis of capitalism and bourgeois hegemony is
> untenable.[57]

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[56] Andrew Gamble, *The Free Economy and the Strong State: The Politics of Thatcherism*, p. 13.
[57] Colin Hay, 'Housing Policy in Transition: From the Post-war Settlement Towards and 'Thatcherite' Hegemony', p. 34.

How then to explain this in hegemonic terms which had been traditionally conceived as struggles for and against the capitalist mode of production? The solution of both Hay and Gamble was to conceive of hegemony as operating at distinct 'levels', such that hegemony could be contested and perhaps reconfigured or overturned at one level, but remain relatively stable at another.

Hay, for example, proposes that hegemony operates 'at various levels of abstraction, such that at one level a crisis may be contained within the constraints of a stable bourgeois hegemony'.[58] Under Hay's schema, the different levels of hegemony are connected: 'Each level from the 'macro' downwards is superimposed on all other levels below it, such that in sum total they constitute a complete picture of the social relations of civil society'.[59] Such a conception is useful because it recognises not only different levels at which hegemony operates, but also that some levels of hegemony can inform others. Hay describes three levels of hegemony — the 'macro', 'meso' and 'micro' levels. The macro level ('class hegemony') represents the hegemony of the capitalist organisation of society itself. The meso level ('electoral hegemony') refers to the hegemony of party and state and operates within the constraints of macro-level bourgeois hegemony. Both 'state strategy' and the 'electoral hegemony' of the political party ensconced in power at the time are included in this level. The micro level ('localised hegemony') refers to hegemony exercised within a specific 'micro-population' — communities, social units such as 'the family' — who give 'active consent' to 'an ideological 'common sense'.[60]

Similarly, Andrew Gamble argues that 'hegemony operates at three levels': the level of the state; the level of the government or regime; and the level of the world system. It is worth quoting Gamble in full:

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[58] *Ibid.,* p. 35.
[59] *Ibid.,* p. 37.
[60] *Ibid.,* pp. 37-38.

At the level of a state, hegemony signifies the fundamental legitimacy and acceptance of the basic institutions and values of a social and political order, including critically those of the economy and the state, which is only questioned in very extreme circumstances, typically those of revolution, invasion or civil war. At the level of the government or regime, hegemony signifies that one particular party or faction has achieved a position of leadership and commands the active support, or at least acquiescence, of leading economic sectors and key social groups. At the level of the world system, hegemony signifies the political and intellectual leadership of a nation-state whose economic and military and cultural capacities allow it to take on state functions for the world system as a whole.[61]

Gamble argues that the world-wide economic crisis of the 1970s represented a breakdown of hegemony at the level of the world system and this was manifested domestically in Britain as a breakdown in hegemony at the regime level. The strength of Gamble's schema is that it identifies regime-level hegemony as a distinct field and links state hegemonic formations to the structure of world capitalism. Gamble also recognises the durability of capitalist hegemony — he argues that the economic crisis of the 1970s did not threaten the 'basic legitimacy of the Western liberal capitalist system'[62] — and contrasts this with hegemony at the world system and regime levels, which are always contested and subject to change. It is for this reason, argues Gamble, that 'at the level of regimes and world systems political projects to win hegemony are encountered much more frequently than hegemony itself'.[63]

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[61] Andrew Gamble, *The Free Economy and the Strong State: The Politics of Thatcherism*, p. 13.
[62] *Ibid.,* p. 13.
[63] *Ibid.,* p. 13.

Both Hay and Gamble outline useful schemas for a multi-levelled understanding of hegemony. Both however contain shortcomings. These shortcomings will be discussed and a more useful multi-levelled approach to hegemony outlined.

Colin Hay's conception of 'meso' level ('electoral') hegemony, includes both 'party ideologies' and 'state strategy'. It would seem that Hay is conflating electoral hegemony and the hegemony of specific state projects. In this case it means conflating the Thatcherite hegemonic project with the hegemonic project of neo-liberalism in Britain. In the case of Australia it would mean conflating the specific hegemonic project of the Hawke and Keating Labor governments with the state project of neo-liberalism, to which they were broadly committed. While the two are inextricably related, and while the latter certainly informs and conditions the former, they are also distinct hegemonic projects. Recognising the differences between these two levels of hegemony allows for an appreciation of how opposing political parties — such as Labour and Conservative in Britain, or Labor and Liberal in Australia — can both be committed to the same broad features of a state-level project — such as Keynesian welfare capitalism or neo-liberal capitalism — but still pursue, within these parameters, their own distinct hegemonic projects. Such a conflation of different levels of hegemony is perhaps a product of the historical and political context within which it was written. Given that Thatcherism coincided with and was a vehicle for the neo-liberal offensive, it is understandable, and perhaps inevitable, that electoral hegemony and state-project-level hegemony would be conflated.

Similarly, in his description of hegemony at the level of the world system, Gamble conflates what would appear to be distinct levels of hegemony. Specifically, Gamble fails to distinguish between the world system itself and the particular ways in which the world system is structured in any given historical period. Immanuel Wallerstein, who has been central to the development of world-system theory, describes the

contemporary world system as the 'capitalist world-economy'.[64] The capitalist world-economy has experienced several transformations in structure (mercantilism, Fordism, neo-liberalism) whilst maintaining the fundamental principles upon which it is organised: the private ownership and control of the means of production, distribution and exchange, and the existence of labour-power as a commodity. Therefore, a loss of hegemony of a particular set of relations central to the way in which the world system is structured, does not necessarily undermine the hegemony of the world system itself. The crisis of Fordism, which Gamble identifies as a breakdown in hegemony at the level of the world system, was in fact a breakdown in hegemony at the level of the world system *structure*, and subsequent struggles have sought to win hegemony for a new world system structure — that of the Washington Consensus. Gamble also does not allow for the possibility that state hegemonic projects may sometimes be in opposition to the world-system structure or that, at the very least, they may not be a simple reflection of it.

Despite such criticisms, the multi-levelled analysis of hegemony outlined by Hay and Gamble offers a significant advance in our understanding of hegemony. I propose, however, hegemony is more usefully conceived of as operating at five distinct but related levels: the level of the world system; the level of the world system structure; the level of the nation-state; the level of the state-project; and the level of the regime. This is represented diagrammatically in Figure 1.1 and outlined below.

At the level of the world system, hegemony indicates consent to the deep underlying structures of the international economic order. Following Wallerstein, since about the 1500s this has been the world capitalist economy.[65] According to Hay's schema then, hegemony at the level of the world system is 'class hegemony'.

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[64] Immanuel Wallerstein, *The Capitalist World-Economy*, Cambridge University Press, Cambridge, 1979.
[65] Wallerstein says the 'capitalist world economy came into existence in Europe somewhere between 1450 and 1550 as a mode of resolving the "crisis of feudalism" that had shaken this same Europe in

Figure 1.1 Levels of Hegemony

**WORLD
SYSTEM**

**WORLD
SYSTEM
STRUCTURE**

Capitalist
World
Economy

Fordism,
Neo-
liberalism

**STATE
PROJECT**

REGIME

Keynesian
Welfare
State, Neo-
liberal State

One Nation

Two
Nations

Capitalist
State, State
socialism

STATE

Key:

Structural influence

Potential impact

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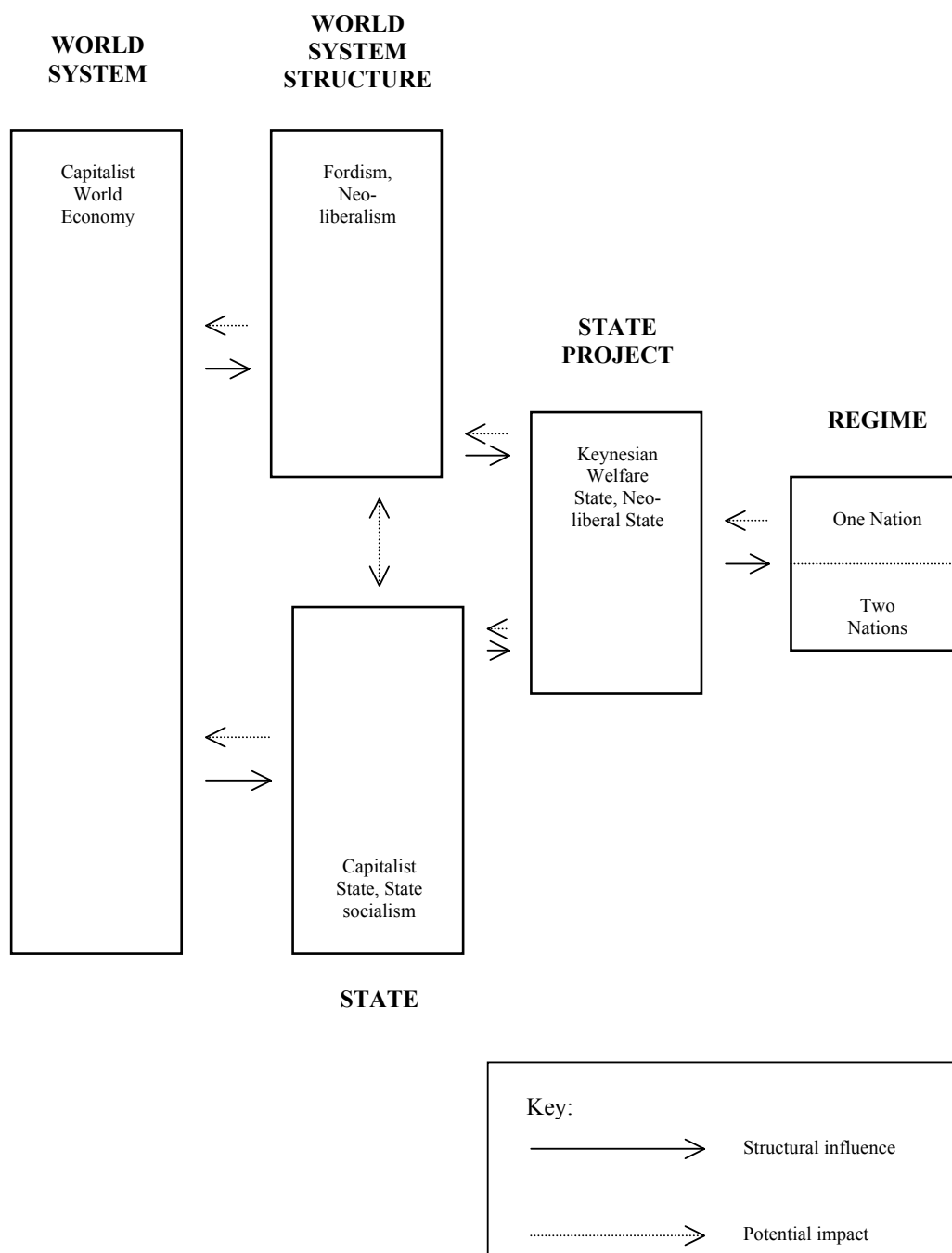
the period 1300-1450', in Immanuel Wallerstein, *The Politics of the World Economy: the States, the Movements and the Civilizations*, Cambridge University Press, Cambridge, 1991, p. 97.

The world-system structure refers to the particular institutions, ideologies and relations that structure the world system in any historical period — eg mercantilism, Fordism or the Washington Consensus. This equates with what Cox refers to as 'world hegemony', which often begins by the 'outward expansion' of the hegemonic project of the dominant class in a dominant nation (such as the United States, in the case of Fordism).[66] Hegemony at this level, then, is the consent to and legitimacy of these institutions, ideologies and relations.

At the level of the nation-state, hegemony indicates what Gamble describes as:

> the fundamental legitimacy and acceptance of the basic institutions and values of a social and political order, including those of the economy and the state, which is only questioned in very extreme circumstances, typically those of revolution, invasion or civil war.[67]

Examples in Australia are the liberal democratic system, the Constitution, Parliament, the High Court and legal system and its enforcement and the private ownership and control of the means of production, distribution and exchange.

At the level of the state-project, hegemony denotes the acceptance of the particular configuration of capital-state-labour relations and the ideologies which support this in any given period — the Keynesian welfare state and the neo-liberal/competition state are examples of state-projects.

Hegemony at the level of the regime is as described by Gamble:

> At the level of the government or regime, hegemony signifies that one particular party or faction has achieved a position of leadership and

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[66] Robert W. Cox, 'Gramsci, Hegemony and International Relations: An Essay in Method', p. 61.
[67] Andrew Gamble, *The Free Economy and the Strong State: The Politics of Thatcherism*, , pp. 12-13.

commands the active support, or at least acquiescence, of leading economic sectors and key social groups.[68]

Although distinct, these different levels of hegemony are also related. The hegemony of the world system, for example, is often reflected in the hegemony of the nation-state. The hegemony of the world system structure often conditions both regime-level and state-project-level hegemony. In the period from the end of World War Two until the mid 1970s, for example, the state projects of advanced capitalist nations — the Keynesian welfare state project — complemented the world system structure of the time — Fordism. Furthermore, the hegemony of Fordism depended, in part, upon the maintenance of the hegemony of the welfare state in the advanced capitalist nations. Hegemonic projects can be overlaid on others — for example the hegemony at the level of state-project might overlay, build upon and complement the hegemony at the level of the state, whilst hegemony at the regime level might be overlaid on hegemony at the level of state-project.

Because hegemony is never total, the rejection of previous hegemonic relations is never total. Therefore, a counter-hegemonic project will often incorporate aspects of the previous set of hegemonic relations — for example, neo-liberalism in practice contains a good dose of Keynesianism.

Hegemony at the level of the regime — that is, the hegemonic projects of particular governments or parties — can be further usefully segmented by, again, drawing upon debates in British Marxism regarding the theorisation of Thatcherism as a hegemonic project. Of particular relevance here is the work by Jessop, Bonnett, Bromley and Ling who differentiate between 'One Nation' and 'Two Nations' hegemonic strategies. One Nation hegemonic strategies are primarily inclusive, they

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[68] Andrew Gamble, *The Free Economy and the Strong State: The Politics of Thatcherism*, p. 13.

aim at an 'expansive conception of the social and political community wherein all interests in the society are ideally able to share its material and symbolic rewards.'[69] Two Nations hegemonic strategies, in contrast, rely upon exclusion through a 'conception of the society in which only those who are part of the privileged nation can share in its benefits'.[70] Furthermore, Two Nations hegemonic projects may require attacks — rhetorical or physical — against those excluded from it:

> 'two nations' projects require containment and even repression of the 'other nation' at the same time as they involve selective access and concessions for the more favoured 'nation'.[71]

These are ideal types, and in order for them to be useful it must be recognised that One Nation hegemonic strategies inevitably entail some strategies of exclusion and Two Nations hegemonic strategies inevitably entail some strategies of inclusion. What concerns us here, however, is the primary characteristic of a regime's hegemonic strategy.

This multi-levelled approach to hegemony is used in Chapter Four to provide a framework for understanding the major changes that occurred within Australian capitalism from the 1970s through to the 1990s. It provides the basis for analysing the relationship between the radical neo-liberal movement and neo-liberal hegemony in Australia. Given this, it is worth briefly outlining the application of the multi-levelled framework to the Australian context.

The context for the rise of the radical neo-liberal movement was the crisis of Fordism and the welfare state that confronted Australia in the mid 1970s. The crisis of Fordism was a crisis of hegemony at the level of the world system structure, and this was manifested domestically in Australia as a crisis of hegemony at the state-

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[69] Bob Jessop, Kevin Bonnett, Simon Bromley and Tom Ling, *Thatcherism: a Tale of Two Nations*, Polity Press, Cambridge, 1988, p. 163.
[70] *Ibid.,* p. 163.
[71] Bob Jessop, *State Theory: Putting the Capitalist State in its Place*, p. 212.

project level: a crisis of hegemony for the welfare state and the 'Australian settlement'. Neither the Whitlam Labor government, nor the Fraser Liberal government, were effectively able to resolve these crises. The crisis of hegemony provided a window of opportunity for a coalition of interests — led by finance, mining and Australian monopoly capital — to articulate a counter-hegemonic state project: neo-liberalism.

After its electoral victory in 1983, the Hawke Labor government agreed to the broad parameters of this counter-hegemonic project, and undertook a radical restructuring of the Australian state and began to dismantle some of the key features of the welfare state and Australian settlement. Although there was disagreement over the precise form it should take, much of Australian capital, the leadership of both major parties, much of the mainstream media and much of the federal bureaucracy were committed to the broad parameters of this neo-liberal state project. At the same time, the Hawke, and later the Keating, Labor government had to secure hegemony for its continued occupation of office federally. In order to do this, successive Labor governments pursued a 'One Nation' regime-level hegemonic strategy. Labor's One Nation hegemonic strategy was an attempt to minimise the inevitable conflict arising from their implementation of the state project of neo-liberalism. Through the process of the Accord and close liaison with key capitalists, Labor attempted to incorporate the organised working class into its hegemonic project as well as head off the possibility of a capitalist revolt. Through the social wage and the expansive conception of rights — particularly on issues pertaining to women, migrants and indigenous Australians — Labor was able to promise that under the neo-liberal restructuring of the state, more people would be able to enjoy the material and symbolic rewards of capitalist economic growth.

The Coalition in contrast articulated a Two Nations hegemonic strategy. While in opposition, particularly under Howard and Hewson, the Coalition committed themselves to pursuing the state project of neo-liberalism with greater vigour than

Labor, and specifically attacked trade unions, those on welfare and groups connected with the new social movements. In addition, the Coalition mobilised popular racist sentiments and insecurities to attack Labor's multicultural and indigenous affairs policies. While promising that everybody would be better off under neo-liberalism, their's was a strategy fundamentally based upon exclusion. Upon winning office in 1996, this exclusionary Two Nations strategy was pursued with vigour.

Class conflict, class fractions and class interests

Just as class conflict is the central dynamic of capitalist society, so is it the central dynamic that drives hegemony. But there is much more to this process than simply the conflict between an undifferentiated mass of capitalists struggling against a similarly undifferentiated mass of workers. It is necessary to explicate the notion of classes and class conflict in order to be able to account for the central dynamics of struggles for hegemony.

The first conceptual tool for analysing class conflict that requires explication is that of interests. This thesis adopts an analytical rather than ethical or normative approach to understanding interests.[72] That is, interests are understood as providing motivation for political action. This is in contrast to the position, exemplified by Lukes, whereby 'real' or 'true' interests can somehow be identified.[73] In a capitalist society, the central dynamic of that society — class struggle between proletariat and bourgeoisie — will shape and structure such interests. Class location has a major bearing on how individuals or groups understand the world, their place within it and their relationship with other individuals or other groups. The dominant position of the bourgeoisie gives it enormous power to shape the perceptions of subordinate groups. However, under the analytical approach to interests adopted here, it makes

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[72] This distinction is taken from Colin Hay, *Political Analysis*, Palgrave, Basingstoke, 2002, pp. 182-187.
[73] Steven Lukes, *Power: A Radical View*, Macmillan, London, 1974.

little sense to speak of false consciousness, or interests that are not recognised by individuals, groups or classes. Whilst it may be true that the working class has a 'fundamental interest'[74] in achieving socialism, if such an interest is not recognised by a class, then it is irrelevant in accounting for why a class, fractions of a class, or those who occupy a contradictory location within class relations (as discussed below), act in particular ways. So, although class conflict is embedded in the capitalist mode of production itself, this is not sufficient, in and of itself, to deduce class interests. Rather, it is necessary to investigate the particular historical contingencies — such as changes to the organisation of production, the alignment of other non-class forces and the role of international economic factors — that shape interests at any one time. In Chapter Four, the particular circumstances that led to certain sections of the capitalist class identifying their interests in the neo-liberal restructuring of the Australian state are identified. This provides the context for explaining why these capitalists saw their interests served by supporting the radical neo-liberal movement and, conversely, why others did not.

The second conceptual tool for understanding class conflict is that of class 'fractions'. It is difficult to speak of the interests of the capitalist class as a whole beyond its interest in the maintenance of the capitalist system itself. Rather, it is more often the case that there are fractions of capital with particular interests who seek to translate these interests into dominant interests. Classes are historically emergent phenomena and thus the class make-up of a society is not fixed over time. As classes develop over time, particular groups — 'fractions' or 'sections' within those classes, with their own specific interests — may emerge. Marx and Engels describe the formation of 'sections' or 'fractions' within the bourgeoisie:

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[74] Erik Olin Wright, *Class, Crisis and the State*, Verso, London, 1983, pp. 88-91.

> The bourgeoisie itself develops only gradually together with its conditions, splits according to the division of labour into various sections and finally absorbs all propertied classes it finds in existence[75]

Marxists have further developed the concept of fractions to include the possibility that fractions can also exist within the proletariat.[76] Fractions have their own specific interests because they are defined by specific positions within the organisation of production. So, we can speak of, for example, different fractions of the Australian bourgeoisie, such as finance capital, mining capital, farming capital, retail capital, all differentiated by their position within the economy, and all with their own specific interests — in addition to the common interest they all share an opposition to the proletariat and in maintaining the capitalist system. This means that inter-class conflict (conflict between fractions within the one class) is quite common. Marx recognised this in the *Poverty of Philosophy*:

> If all the members of the modern bourgeoisie have the same interest inasmuch as they form a class as against another class, they have opposite, antagonistic interests inasmuch as they stand face to face with one another[77]

Fractions of capital compete with each other, mobilise and seek to transform the state and hegemony in their own interests. Furthermore, fractions of the bourgeoisie may unite to form what Poulantzas calls a 'power bloc'[78] — an alliance of class fractions united by a common interest.

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[75] Karl Marx and Frederick Engels, *The German Ideology*, p. 85.
[76] See for example Nicos Poulantzas, *Classes in Contemporary Capitalism*, pp. 23-24.
[77] Karl Marx quoted in John Bowman, *Capitalist Collective Action: Competition, Cooperation and Conflict in the Coal Industry*, Cambridge University Press, Cambridge, 1989, p. 2.
[78] Nicos Poulantzas, *Classes in Contemporary Capitalism*, p. 24.

The third conceptual tool relevant to this thesis for understanding class conflict is Erik Olin Wright's notion of 'contradictory locations within class relations'.[79] This perspective accounts for the group of people that rapidly expanded in the second half of the twentieth century and that occupies a position between traditional conceptions of the bourgeoisie and proletariat: the group commonly referred to as the 'middle class'. Clearly, this is of fundamental importance to the present study which analyses a specific group of intellectuals who, in any intuitive classification, belong to this 'middle class'. Wright argues that, for the capitalist class, the ownership of production has three components: control over the physical means of production; control over the labour power of others; and control over investments and resource location. Conversely, the proletariat, which is forced to sell its labour, enjoys none of these qualities:

> capitalists control the accumulation process, decide how the physical means of production are to be used, and control the authority structure within the labour process. Workers, in contrast, are excluded from the control over authority relations, the physical means of production, and the investment process.[80]

These three factors thus form the basis of the central antagonistic relationship between capital and labour. If the capitalist class shares all of these factors, and the working class is excluded from all of these factors, what about those groups who share only one or two of these factors? For Wright, such groups occupy 'contradictory locations within class relations'. Examples given by Wright are groups such as 'semi-autonomous employees' who have no control over the labour power of others but might have minimal control over investment and allocation of resources and minimal control over the physical means of production.[81] They thus occupy a 'contradictory location'.

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[79] Erik Olin Wright, *Class, Crisis and the State*, pp. 30-110.
[80] *Ibid.,* p. 73.
[81] *Ibid.,* p. 63.

The fourth conceptual tool for understanding class conflict is that of mobilisation. This refers to the process whereby a class, class fraction or power bloc organises its resources in pursuit of its interests and against the interests of another class, class fraction or other non-class actor. Mobilisation describes the process whereby classes, class fractions and power blocs act upon their interests. Chapter Four discusses the process whereby fractions of capital in Australia mobilised to attack and undermine the power of organised labour and fractions of capital, as well as to reorient the Australian state — to dismantle the state project of welfare capitalism and replace with the state project of neo-liberal capitalism.

The final relevant conceptual tools for understanding the process of class conflict, particularly its relation to hegemony, are Bob Jessop's notions of 'class belonging' agents, 'non-class' agents and 'class relevant' struggles.[82] While struggle between classes may be the starting point of the analysis of political conflict, it is by no means its end point. Other social actors, who are not obviously classes or fractions of classes, also engage in political struggle and may attempt — themselves or in alliance with class forces or class fractions — to transform hegemonic relations. Social movements are perhaps the most obvious of such non-class agents. The actions of non-class agents can have an impact on the outcome of hegemonic struggle. They may also form alliances with classes or class fractions. Thus, although not 'class belonging', non-class agents such as social movements can have an impact that is 'class relevant'. This thesis examines the impact of one such non-class agent — the radical neo-liberal movement — in class relevant struggles for hegemony.

Elite social movements and hegemony

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[82] Bob Jessop, *The Future of the Capitalist State*, pp. 31-32.

The major non-class agent examined in this thesis is an elite social movement — the radical neo-liberal movement. Later chapters analyse its relationship to struggles for neo-liberal hegemony in Australia, and thus examine its class relevance. Before undertaking such an analysis however, it is necessary to outline what is meant by the notion of an elite social movement.

As its name implies, an elite social movement is primarily comprised of elites. That is, the participants in an elite social movement tend to be drawn from contradictory locations within class relations or from the dominant class and thus enjoy a privileged position in symbol manipulation, access to political decision makers and financial resources. Elite social movements are thus distinct from the 'new social movements' — such as the environment, women's, gay and Aboriginal rights movements — whose roots are in popular protest by groups and individuals from a more diverse range of class locations. As a movement, they are also distinct from interest groups. Movements do not necessarily rely upon formal categories of membership, rather, movement membership is determined by participation. Whilst formally constituted organisations and interest groups may be central to their survival, movements are more than the sum of their parts, and exist beyond the boundaries of such groups. Movements are dynamic social actors who seek not only to influence state policies, but, very often, to bring about broad based social, cultural and political change in accordance with the ideologies around which they cohere. Elite social movements then are a unique political agent, distinct from both the celebrated new social movements and from interest groups, but containing elements of both.

Only a handful of commentators have suggested the idea of elite social movements as a framework for understanding a particular type of political agent. Unfortunately none of these provide a comprehensive framework. For example, Bob Jessop mentions the term in reference to one type of non-class group that may be involved in hegemonic struggles to 'realign diverse institutional orders, identities and

interests'.[83] Boies and Pichardo outline a framework for understanding 'elite social movement organisations' (ESMOs).[84] Importantly, Boies and Pichardo conclude that ESMOs, in contrast to other movement organisations:

> have the advantage of financial and occupational resources. They need not worry about maintaining the commitment and dedication of a mass following ... Because ESMOs lack a mass base, any organisational efforts centre on the participants' monetary and occupational resources.[85]

Leslie Sklair uses this framework to critique the ESMOs — what she calls 'social movements for capitalism' — that help cohere the 'transnational capitalist class'.[86] Other authors similarly study right-wing groups in American through the lens of movement theory. Michael Lind argues that, what he terms the 'conservative movement' is 'the product of politics from above, not below'.[87] Lind argues that the elite conservative social movement in the US has been able to use sophisticated targeting techniques to mobilise constituencies on particular issues but that the movement is very much controlled by 'tree-tops' organisations rather than by the grass roots. Sara Diamond recognises that right-wing movements tend to be supportive of 'prevailing power structures', however she also argues that they have their own interests which are opposed at least to some aspects of the status quo. Thus right-wing movements are 'partially oppositional and partially ... system supportive'.[88]

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[83] Bob Jessop, *The Future of the Capitalist State*, p. 32.
[84] John Boies and Nelson A. Pichardo, 'The Committee on the Present Danger: A Case for the Importance of Elite Social Movement Organisations to Theories of Social Movements and the State', *Berkeley Journal of Sociology*, Vol. 38, 1993-1994, pp. 57-87.
[85] *Ibid.,* p. 80
[86] Leslie Sklair, 'Social Movements for Global Capitalism: the Transnational Capitalist Class in Action, *Review of International Political Economy*, Vol. 4, No. 3, Autumn 1997, pp. 514-538.
[87] Michael Lind, *Up from Conservatism: Why the Right is Wrong for America*, The Free Press, New York, 1996, p. 77.
[88] Sara Diamond, *Roads to Dominion: Right-wing Movements and Political Power in the United States*, The Guildford Press, New York, 1995, p. 6.

Although underdeveloped, these studies suggest two important features of elite social movements. First, following from Jessop, elite social movements, due to their class location, are likely to engage in attempts to augment the hegemony of the dominant class rather than challenge it. Elite social movements, by their very nature, occupy a privileged position in relation to other groups in society. It is therefore nonsensical to speak of them as oppressed. Although not oppressed, the agenda of an elite social movement may nonetheless be marginal in a given context, at a given time. An agenda can be marginal without representing the interests or expressing the grievances, of an oppressed group. Importantly, although such an agenda might be marginal, the broad ideological commitment of an elite social movement is likely to be supportive of dominant social relations. In the case of the radical neo-liberal movement, although fiercely opposed to the Keynesian welfare state, it also vehemently defends the capitalist organisation of society. Second, elite social movements are unlikely to employ mass mobilisations or protests as their primary political strategy. Unlike the new social movements they are able to use their privileged position to gain access to the media, the capitalist class and political decision makers. The fact that they align themselves at least to some extent with the interests of the dominant class means that they do not require a mass base for their continued existence. Rather, they are able to rely upon support from sections of capital.

Elite social movements and social movement theory

Clearly there are differences between elite social movements and, what has been the primary object of the study of social movements — the 'new social movements' (NSM). Social movement theorists have rarely recognised the existence of elite social movements. As Sara Diamond notes of social movement studies, 'even the best scholarly research has tended to focus disproportionately on social movements opposed to the status quo'.[89] This is perhaps because movement theorists have

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[89] *Ibid.,* p. 6.

tended to make two major assumptions about the new social movements: first that their emergence reflects a broader shift from an industrial to a 'post-industrial' society (in which struggles occurred around the 'grammar of forms of life'[90] and the 'life-world'[91] rather than the 'problems of distribution' characteristic of class politics);[92] and second, that social movements are primarily movements of the oppressed. It is little wonder then that elite social movements are excluded, *apriori*, from the 'NSM paradigm'.[93] However, if we put the 'NSM paradigm' aside and focus upon the internal dynamics of new social movements, we can identify a number of useful tools within NSM theory for understanding elite social movements.

Definitions of social movements vary, however Verity Burgmann's encapsulates much of the concerns of the literature: a social movement is 'an enduring process of confrontation characterised by capacity for protest'[94] and is thus dynamic rather than static; a social movement is characterised by an 'acknowledgement of a common interest among a specific group of people against another, equally defined, group of people';[95] social movements promote their interests and challenge their enemies through collective action aimed at social change;[96] social movements engage in a dialectical process of 'agitation' and 'articulation' whereby the perception of, and action upon, society is mediated through discourse and this discourse is itself conditioned by such action.[97] These four categories also provide a useful framework for understanding elite social movements. Chapter Three uses these broad criteria to discuss the way in which radical neo-liberals cohere as a movement.

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[90] Juergen Habermas, 'New Social Movements', *Telos*, No. 49, Fall 1981, p. 33.
[91] Claus Offe, 'New Social Movements: Challenging the Boundaries of Institutional Politics', *Social Research*, Vol. 52, No. 4, Winter 1985, p. 823.
[92] Juergen Habermas, 'New Social Movements', p. 33.
[93] Nelson Pichardo, 'New Social Movements: a Critical Review', *Annual Review of Sociology*, Vol. 23, 1997, pp. 411-30.
[94] Verity Burgmann, *Power, Profit and Protest: Australian Social Movements and Globalisation*, Allen and Unwin, Crows Nest, 2003, p. 4.
[95] *Ibid.,* p. 4.
[96] *Ibid.,* p. 6.
[97] *Ibid.,* pp. 7-9.

Collective action is an obvious feature of the new social movements because it constitutes their most visible features — public protest. Elite social movements in contrast *may* have less need for public protest. By their very nature, participants in elite social movements enjoy privileged social positions and therefore the collective action of such movements may take a different form than that traditionally associated with new social movements. One branch of social movement theory — Resource Mobilisation Theory — helps us to understand this process by focussing attention on the resources available to a social movement at any given time.[98] This is of particular importance in distinguishing elite social movements from other social movements because the former may have access to resources from which the latter is excluded (such as various forms of corporate support, access to the mass media and access to state apparatuses). It will therefore be important to examine the resources available to the radical neo-liberal movement and the effect that this has had upon its fortunes.

In understanding collective action, social movement theorists have also focussed upon the 'repertoires of contention' developed by or available to the social movements.[99] 'Repertoires of contention' are the modes of political action available to a social movement. The range of such modes may be limited in scope and conditioned by historical factors. For example, as is argued in Chapters Two and Three, the Australian radical neo-liberal movement inherited many of its repertoires of contention from overseas think tanks and networks.

One important internal aspect of social movements is mobilising structures or social movement organisations. Mobilising structures are: 'those collective vehicles,

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[98] Doug McAdam, 'The Political Process Model' in Steven Buechler and F. Kurt Cylke Jr. (eds), *Social Movements: Perspectives and Issues, Mayfield Publishing Company*, Mountain View, 1997, pp. 172-192; John McCarthy and Mayer Zald, 'Resource Mobilization and Social Movements: A Partial Theory', in Steven Buechler and F. Kurt Cylke Jr. (eds), *Social Movements: Perspectives and Issues, Mayfield Publishing Company*, Mountain View, 1997, pp. 149-172.
[99] See Charles Tilly, *From Mobilisation to Revolution*, Addison-Wesley, Reading, 1978; Charles Tilly, 'Contentious Repertoires in Great Britain 1758-1834' in M Traugott (ed), *Repertoires and Cycles of Contention*, Duke University Press, Durham, 1995, pp. 15-42.

informal as well as formal, though which people mobilise and engage in collective action'.[100] For the radical neo-liberal movement, the most important mobilising structures are the think tank and the forum. Similar phenomena have been noted overseas. For example, in his study of the 'conservative intellectual movement' that grew in America during the decades after World War Two, George H. Nash highlights the importance of foundations and think tanks for the movement.[101] The benefits derived from such organisations were not merely financial. More importantly, movement organisations brought activists into a dialogue with each other through journals, forums, seminars and fellowships. Given the generally small social base of elite social movements, the ability to utilise such well-financed organisational structures is clearly crucial if they are to have an impact disproportionate to the size of their participant base.

Academic literature on think tanks has grown during the last decade.[102] Much of this literature provides useful insights for understanding radical neo-liberal think tanks

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[100] Doug McAdam, John McCarthy and Mayer Zald, 'Introduction: Opportunities, Mobilizing Structures, and Framing Process — Toward a Synthetic, Comparative Perspective on Social Movements' in Doug McAdam, John McCarthy and Mayer Zald (eds), *Comparative Perspectives on Social Movements: Political Opportunities, Mobilizing Structures and Cultural Framings*, Cambridge University Press, Cambridge, 1996, p.3

[101] George H. Nash, *The Conservative Intellectual Movement in America Since 1945*, Basic Books, New York, 1996.

[102] See for example, D. Abelson and C. Carberry, 'Following Suit of Falling Behind? A Comparative Analysis of Think Tanks in Canada and the United States', *Canadian Journal of Political Science*, Vol. 31, No. 3, September 1998, pp. 525-555; Sharon Beder, *Global Spin: the Corporate Assault Upon Environmentalism* (revised edition), Scribe Publications, Melbourne, 2000; D. Stone, A. Denham and M. Garnett (eds), *Think tanks across nations: A comparative approach*, Manchester University Press, Manchester, 1998; Diane Stone, 'The British Think Tank Tradition', *NIRA Review*, Summer 1997, pp. 28-32; Diane Stone, 'Introduction to the Symposium: the Changing Think Tank Landscape', *Global Society*, Vol. 14, No. 2, 2000, pp. 149-152; Ian Marsh, *The Development and Impact of Australia's 'Think Tanks'*, CEDA Information Paper No. 43, 1995; M. Kandiah, and A. Seldon, *Ideas and Think Tanks in Contemporary Britain*, Volume 1, Frank Cass, London, 1996; A. Tupper, 'Think Tanks, Public Debt, and the Politics of Expertise in Canada', *Canadian Public Administration*, Vol. 36, No. 4, Winter 1993, pp. 530-546; Diane Stone, *Capturing the Political Imagination: Think Tanks and the Policy Process*, Frank Cass, London, 1996 ; Diane Stone, 'From the Margins of Politics: The Influence of Think-Tanks in Britain', *West European Politics*, Vol. 19, No. 4, October 1996, pp. 675-692; Diane Stone, 'Old Guard Versus New Partisans: Think Tanks in Transition', *Australian Journal of Political Science*, Vol. 26, 1991, pp. 197-215; David Ricci, *The Transformation of American Politics: The New Washington and the Rise of Think Tanks*, Yale University Press, New Haven, 1993; James A. Smith, *The Idea Brokers: Think Tanks and the Rise of the New Policy Elite*, Free Press, New York, 1991.

and how they operate. Scholars have, for example, highlighted the importance for many think tanks of maintaining an image of independence from vested interests.[103] This is crucial in order that the knowledge they produce has legitimacy and is not branded as biased — particularly in the case of think tanks which rely upon corporate funding for their survival. Still others have noted that think tanks tend to be 'second hand dealers in ideas': that is, rather than producing original research, think tanks are particularly adept at condensing, applying and popularising existing research that conforms to their own world views.[104] Some have thus viewed think tanks as undertaking the role of 'policy entrepreneurs' — a conduit between academe and the world of policy making.[105] Although much of the literature regarding think tanks in fundamentally flawed due to its tendency to treat think tanks as 'a distinct form of political actor'[106] and not to view the power of think tanks as deriving from the interests and social forces that they represent, or with which they are aligned, it is nonetheless useful for understanding the internal dynamics of a particular form of mobilising structure or social movement organisation.

While some scholars have focussed upon the mobilising structures of social movements, others have drawn attention to the potential for the emergence of social movements to produce 'counter-mobilisations'.[107] That is, attempts by social movements to challenge prevailing power structures can stimulate the mobilisation of groups who wish to defend prevailing power structures. In this sense, the radical neo-liberal movement can be viewed emerging, at least partially, in response to the successes of the labour, environment, feminist and Aboriginal rights movements.

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[103] Diane Stone, *Capturing the Political Imagination: Think Tanks and the Policy Process*, 1996.
[104] Radhika Desai, 'Second-Hand Dealers in Ideas: Think-Tanks and Thatcherite Hegemony', pp. 27-62.
[105] James A. Smith, *The Idea Brokers: Think Tanks and the Rise of the New Policy Elite*.
[106] R. Salisbury, 'Political Processes and Institutions — The Transformation of American Politics: The New Washington and the Rise of Think Tanks by David M. Ricci', *Contemporary Sociology*, Vol. 23, No. 3, May 1994, p. 376.
[107] See Tahi Mottl, 'The Analysis of Countermovements' in Steven Buechler and F. Kurt Cylke Jr. (eds), *Social Movements: Perspectives and Issues, Mayfield Publishing Company*, pp. 408-423; Mayer Zald & Bert Useem, 'Movement and Countermovement Interaction: Mobilization, Tactics, and State Involvement' in Mayer Zald and John McCarthy (eds), *Social Movements in an Organisational Society*, Transaction Books, New Brunswick, 1987, pp. 247-272.

Social movement theorists have long recognised the importance of 'political opportunity structures'[108] — the political context within which movements exist — as one determinant of a movement's success, and this thesis proposes that the hegemonic context is the appropriate framework for understanding the political opportunity structure available to the radical neo-liberal movement in Australia. Hegemony as a framework with which to analyse social movements has been pioneered by Canadian sociologist William Carroll.[109] Carroll suggests that social movements can be understood as agents of counter-hegemony. Existing within civil society and challenging particular social relations, social movements may be involved in 'a disorganisation of consent, a disruption of hegemonic discourses and practices'.[110] Like most social movement theory, Carroll's focus is also upon movements of the oppressed, but this need not pose a problem. Given the multi-level understanding of hegemony developed herein, it is clear that challenges to hegemony can come from dominant as well as from subordinate groups, and therefore elite social movements can play counter-hegemonic roles. Elite social movements are but one type of non-class agent who nonetheless engage in struggles for hegemony, and as such, whose impact may be class relevant.

The deployment of discourse has also been identified as central to the collective action of social movements. The notion of framing is used by many theorists to describe the process whereby, through discourse and discursive practice, movements make sense of the world and construct new identities for their participants as well offering new frames of interpretation for those outside of the movement. In

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[108] Sidney Tarrow, *Power in Movement: Social Movements and Contentious Politics*, 2nd Edition, Cambridge University Press, Cambridge, 1998, pp. 71-90.

[109] William Carroll (ed), *Organizing Dissent: Contemporary Social Movements in Theory and Practice — Studies in the Politics of Counter-Hegemony*, Garamond Press, Toronto, 1992; William Carroll and Robert Ratner, 'Master Frames and Counter-Hegemony: Political Sensibilities in Contemporary Social Movements', *Canadian Review of Sociology and Anthropology*, Vol. 33, No. 4, 1996, pp. 407-435.

[110] William Carroll, 'Introduction: Social Movements and Counter-Hegemony in a Canadian Context' in William Carroll (ed), *Organizing Dissent: Contemporary Social Movements in Theory and Practice — Studies in the Politics of Counter-Hegemony*, p. 10.

evaluating the place of the radical neo-liberal movement in struggles over neo-liberal hegemony this thesis considers the discursive formation deployed by the movement, their relationship to other hegemonic discourses, and the extent to which such discursive formations were deployed by other, more powerful, social actors and institutions.

Conclusion

This chapter has outlined a multi-levelled framework for understanding hegemonic struggle, the outcomes of which are conditioned by both class and non-class agents. The multi-levelled approach to hegemony recognises that major shifts in hegemony can occur within the bounds of relatively stable capitalist hegemonic relations. Although class conflict provides the central dynamic of hegemony, hegemony is not reducible to class conflict. Within the capitalist class, fractions, with their own distinct interests, compete to translate their interests into the dominant interests. Fractions may form power blocs or alliances to further such interests. However, agents who are not class belonging are also often involved in struggles for hegemony and therefore may have effects that are class relevant. The major non-class agent examined in this chapter is that of the elite social movement. Elite social movements differ from the celebrated new social movements in that they are comprised of elites — of those drawn from the dominant class or from contradictory locations within class relations — and, because of this, seek to augment capitalist hegemony rather than overthrow it. Despite these differences there are also many parallels between elite social movements and new social movements. Elite social movements are dynamic, engage in social protest, employ discursive formations to contest hegemonic truths, and cohere through their own form of social movement organisations: think tanks. This thesis will employ the framework outlined in this chapter to analyse the relationship between the radical neo-liberal movement and neo-liberal hegemony in Australia.

Chapter 2

Radical Neo-liberal Ideology

This chapter examines the central tenets of radical neo-liberal ideology as they have developed in Australia. First, the intellectual antecedents of the movement are discussed. This provides insights into the concepts and contradictions that form the intellectual inheritance of the movement, and serves to situate the movement historically. Second, the core themes of the movement's ideology are identified. This is done by drawing upon the published records of the movement: journals, newsletters, books, conference proceedings and speeches. The basic world-view of the radical neo-liberal movement remained constant over the period with which this thesis is concerned. Its policy priorities have been added to and modified slightly, but they have not fundamentally changed. Movement activists have synthesised and drawn upon philosophical arguments first articulated by thinkers discussed earlier in the chapter, but these ideas have been tailored to suit the Australian political context. Indeed, much like their counter-parts overseas, they are 'second-hand dealers in ideas'. As activists convinced of the correctness, superiority and morality of their own views, their purpose has been not merely to engage with other intellectuals, but rather to change the face of the policy landscape and to shift both elite and public opinion in a direction more favourable to radical neo-liberal ideas. In line with this activist nature, neo-liberal think tanks have tended to produce polemical, philosophical and propagandistic, as opposed to technical, knowledge. This forms the basis for a discussion of the policy alternatives advocated by the movement. Finally, what I term the 'Markets, Morals and Civil Society Project' is examined in order to identify the ways in which the radical neo-liberal movement has attempted

to defend itself against criticisms and reconcile itself with the conservative intellectual tradition in Australia

Antecedents of radical neo-liberalism

Australian radical neo-liberals are primarily 'second hand dealers in ideas'. Their ideology and language are largely derived from overseas intellectuals and think tanks. The most important debt owed by the radical neo-liberal movement is to the small group of right-wing academics and journalists actively opposed to what they viewed as the Keynesian consensus that was dominant in western democracies after World War Two.[1] In what was essentially a backlash against social democracy, academics such as Friederich von Hayek, Milton Friedman and the Public Choice theorists developed a critique of welfare states that was imported to Australian radical neo-liberals via think tanks and networks such as the Monty Pelerin Society and the Atlas Foundation.[2] For Hayek the welfare state was just one manifestation of 'collectivism' and would inevitably lead to totalitarianism.[3] He argued that welfare states subordinated individual liberty to the dictates of a central planning authority, and were thus neither free or moral societies. Friedman similarly saw a link between 'economic freedom' (the freedom from constraint with regard to one's

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[1] The importance of Hayek, Friedman and the Public Choice School in the development of radical neo-liberal ideology in Australia has been noted by: Marian Sawer, 'Philosophical Underpinnings of Australian Libertarianism' in Marian Sawer (ed.), *Australia and the New Right*, pp. 20-37; David Kemp, 'Liberalism and Conservatism in Australia Since 1944', pp. 344-45; Chris James, Chris Jones and Andrew Norton, 'The Liberal Party and Economic Rationalism' in Chris James, Chris Jones & Andrew Norton, *A Defence of Economic Rationalism*, Allen & Unwin, St. Leonards, 1993, pp. 116-17.

[2] Not only did such organisations facilitate the importation of ideas, they provided organisational support as well. In 1981 Mont Pelerin member and founder of the British Institute of Economic Affairs, Anthony Fisher, established the Atlas foundation, the purpose of which was to provide intellectual and organisational support for the establishment of neo-liberal think tanks around the world. (For a discussion of this, see Richard Cockett, *Thinking the Unthinkable: Think Tanks and the Economic Counter-Revolution 1931-1983*, Harper Collins, London, 1995, pp. 280-286, 306-308. John Hyde credits Atlas as an important influence upon his development of the Australian Institute for Public Policy (John Hyde, interview with the author).

[3] Friederich Hayek, *The Road to Serfdom*, Dymock's Book Arcade, Sydney, 1944.

property) and political freedom. By limiting the power of the state in the economy, argues Friedman, political freedoms will be safeguarded:

> Economic freedom is an essential requisite for political freedom. By enabling people to cooperate with one another without coercion or central direction, it reduces the area over which political power is exercised. In addition, by dispersing power, the free market provides an offset to whatever concentration of political power may arise. The combination of economic and political *power* in the same hands is a recipe for tyranny.[4]

The Public Choice School – what has been called the 'economics of politics' — also attacked social democracy. Academic economists such as James Buchanan and Gordon Tullock applied the neo-classical conception of individual behaviour in markets to understand the behaviour of individuals in politics. They argued that since all individuals are rational, self-interested utility maximisers, the actions of government will tend to promote the interests of those working within it – bureaucrats and politicians – rather than the interests of the public. According to the public choice theorists, the best way of ensuring that the interests of individuals are met is by allowing people to pursue their interests by entering into voluntary exchanges with others — since these exchanges are voluntary, and since all individuals are self interested utility maximisers, then voluntary exchanges, according to public choice theory, should lead to both parties satisfying their interests because no rational person will enter voluntarily into a disadvantageous exchange.[5] The theories of the pubic choice school, Hayek and Friedman led them to

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[4] Milton Friedman and Rose Friedman, *Free to Choose: A Personal Statement*, Penguin, Harmondsworth, 1980, p. 21.

[5] For a succinct summary of Public Choice theory see James Buchanan, 'From Private Preferences to Public Philosophy: The Development of Public Choice' in IEA, *The Economics of Politics*, Institute of Economic Affairs, London, 1978, pp. 3-20. For extended summaries and critical analysis see Hugh Stretton & Lionel Orchard, *Public Goods, Public Enterprise, Public Choice: Theoretical Foundations of the Contemporary Attack on Government*, St. Martins' Press, London, 1994 and Peter Self, *Government by the Market? The Politics of Public Choice*, Macmillan, London, 1993.

advocate radical reductions in the fiscal size of government, as well as the devolution of many functions of government to the market. All venerated capitalist markets and all displayed a profound suspicion of democracy.

The other major international current of crucial importance to the development of Australian radical neo-liberal ideology and rhetoric was the American neo-conservatives: intellectuals such as Daniel Bell, Norman Podhoretz and Irving Kristol. From the late 1960s they developed a critique which held that left-wing academics and public servants were undermining the free society from within. For the neo-conservatives, these people constituted a 'new class', and were gaining in power as the state increased its social welfare functions. Business, they argued, had much to fear from this powerful new class because:

> ...they are acting upon a hidden agenda: to propel the nation from that modified version of capitalism we call "the welfare state" toward an economic system so stringently regulated in detail as to fulfil many of the traditional anti-capitalist aspirations of the Left.[6]

According to the neo-conservatives, the new class has its origins in the student radicals of the 1960s. These radicals hoped to bring about a revolution in American society, but the decade ended, as Norman Podhoretz writes, 'not with a revolution but with the election of Richard Nixon'[7]. Thus, the new class resulted from the confounded expectations of the student radicals who subsequently changed tactics and pursued their revolutionary ends with renewed vigour, "this time working within the system".[8] Kristol argued that a better option for business than traditional philanthropy was to fund counter-intellectual opinion to challenge the dominant new class elites and to defend free-market capitalism and limited government against

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[6] Irving Kristol, 'On Corporate Capitalism in America', *The Public Interest*, No. 41, Fall 1975, p.134.
[7] N. Podhoretz, *The Bloody Crossroads; Where Literature and Politics Meet*, Simon & Schuster, New York, 1986, pp. 130-131
[8] *Ibid*., p.131

'collectivist tendencies in society'.[9] It is this sense that capitalism was under threat from the new class that is the chief intellectual legacy of the neo-conservatives to the neo-liberal movement.

While acknowledging the importance of such theorists, Australian radical neo-liberals also see themselves as the true heirs of the liberal tradition. Furthermore, for the radical neo-liberals, there is only one liberalism – *laissez faire* liberalism — which they see themselves as engaged in a 'revival'[10] of. While there is some truth to such a claim – one can, for example, trace a strong *laissez faire* tradition running through liberal thinkers such as Jeremy Bentham,[11] Frederic Bastiat, the neo-classical economists and Herbert Spencer – it is also ignorant of central aspects of the liberal tradition. As Arblaster argues, liberalism:

> ... should be seen, not in fixed or abstract terms as a collection of unchanging moral and political values, but as a specific historical movement of ideas in the modern era that begins with the Renaissance and the Reformation.'[12]

Liberalism, considered as a 'specific historical movement of ideas' or as an intellectual tradition, is much broader and richer than is allowed for by the radical neo-liberals' historical revisionism. Political philosophers such as John Stuart Mill (later in his life), L. T. Hobhouse, and T. H. Green, for example, argue for a conception of liberty beyond that of freedom from coercion, and therefore advocate a positive role for the state in providing education and other social goods. Even icons of the radical neo-liberal movement – most notably John Locke and Adam Smith – fit much less easily into the dogmatic schema of free market radicalism than

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[9] Barbara Ehrenreich, *Fear of Falling: The Inner Life of the Middle Class*, Harper Perennial, New York, 1990, p. 157

[10] From the title of Greg Lindsay's article, 'Rekindling the Flame — The Revival of Liberalism', *IPA Review*, April-June, 1979, pp. 38-44.

[11] Jeremy Bentham, *The Principles of Morals and Legislation*, Hafner Publishing, New York, 1948.

[12] Anthony Arblaster, *The Rise and Decline of Western Liberalism*, Basil Blackwell, Oxford, 1984, p. 11.

is suggested by movement activists.[13] Furthermore, the radical neo-liberal movement fails to appreciate the fundamental relationship between this broader liberal tradition and the defence of capitalism. Arblaster writes that 'Liberalism grew up together with Western Capitalism',[14] and liberals have generally situated their political advocacy within a capitalist framework. Even John Maynard Keynes, the *bete noir* of radical neo-liberalism, was a liberal whose General Theory was designed to sustain capitalism against challenges from fascism and socialism.[15]

In the domestic context as well, the radical neo-liberals display a fundamental misunderstanding of the history of Australian liberalism, while at the same time being a product of Australian liberal traditions. According to the radical neo-liberals although many Australian intellectuals, politicians and bureaucrats have claimed the label of 'liberalism' for themselves, most have been nothing but different varieties of collectivism. It is no surprise therefore that Greg Lindsay writes: 'for most of this century, liberalism has been all but dormant.' [16] Under such a schema the liberalism of many twentieth century Australian figures is denied by portraying them as collectivist villains carrying forth the project of 'state paternalism'.

Again, there is some truth to this claim. The state has been central to Australian liberalism. What Marian Sawer calls 'social liberalism' — which advocates a strong role for the state in pursuing equal opportunity agendas[17] – has been a major current in Australian political thought. Although *laissez faire* liberalism has found expression within some quarters throughout Australian history, it has not been a

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[13] See for example, Jerry Muller, *Adam Smith in His Time and Ours: Designing the Decent Society*, The Free Press, New York, 1993; Stephan Reglar, 'Smith and Neoliberalism: From Civility and the *Res Publica* to a Chamber of Gothic Horrors', Paper Delivered at the Public Policy for the New Millennium Conference, Adelaide University, February, 1999.

[14] Anthony Arblaster, *The Rise and Decline of Western Liberalism*, p.84.

[15] John Maynard Keynes, *The Collected Writings of John Maynard Keynes Volume VII: The General Theory of Employment, Interest and Money*, Macmillan, London, 1973, pp. 372-384.

[16] Greg Lindsay, "Rekindling the Flame — The Revival of Liberalism', p. 39.

[17] Marian Sawer, *The Ethical State? Social Liberalism in Australia*, Melbourne University Press, Carlton, 2003.

strong tradition in Australia.[18] What the radical neo-liberals once more ignore, however, is the centrality of liberalism to Australian politics, and the centrality of capitalism to Australian liberalism. Liberalism, as Rowse argues, 'is by far the dominant discourse within which Australian society has been analysed' and one that naturalises and legitimises the class nature of a capitalist society while denying the very existence of classes.[19] With this in mind it is possible to identify the ways in which dominant liberal traditions in Australia contributed to the development of radical neo-liberal ideology.

After the second world war, the state-liberalism consensus solidified around a commitment to Keynesian economic planning and a residual welfare state. Nonetheless, there are similarities between the rhetoric of certain bourgeois liberals and the later radical neo-liberal movement. For example, while Robert Menzies, as head of the newly formed Liberal Party, and sections of the capitalist class gathered around the IPA (Vic.) advocated a positive role for government in providing full employment and welfare, other sections of the capitalist class were more forceful in extolling the virtues of the market against those of governmental regulation. Such

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[18] As Marian Simms argues, *laissez faire* ideas were a persistent, but not dominant, feature of nineteenth century Australia (Marian Simms, *A Liberal Nation: The Liberal Party and Australian Politics*, Hale and Iremonger, Sydney, 1982, p. 21). In the early years of the century, the ideas of James Mill, David Ricardo and Jeremy Bentham provided intellectual weight for attacks by traders upon government intervention in the economy (Jan Kociumbas, *The Oxford History of Australia Volume 2: Possessions*, Oxford University Press, Melbourne, 1995, pp. 116-117). During that century's second half, the more radical within the free trade movement, particularly in Victoria, resembled the neo-liberals in their defence of free trade, individual liberty and private property against the power of the state (Marian Simms, *A Liberal Nation*, p. 21). Melleuish writes that, 'At the level of theory, these years produced some of the fullest defences of free trade liberalism' (Gregory Melleuish, *A Short History of Australian Liberalism*, CIS, St. Leonards, 2001, p. 13). In the twentieth century, *laissez faire* sentiments were expressed through figures like economist Edward Shann who argued the case for less government regulation of the economy (Peter Groenewegen and Bruce McFarlane, *A History of Australian Economic Thought*, Routledge, London, 1990, pp. 131-134) and Frederic Eggleston, who although, 'believed in planning', did call for a more *laissez faire* agenda by governments (Melleuish, *A Short History of Australian Liberalism*, p. 31). The far Right organisation, the New Guard, and its leader, Eric Campbell, talked of privatising the state owned brickyard, metal quarry and coalmine and pronounced that they desired to 'suspend awards and let the law of supply and demand come into operation' (quoted in Andrew Moore, *The Right Road? A History of Right-wing Politics in Australia*, Oxford University Press, Melbourne, 1995, p. 128).
[19] Tim Rowse, *Australian Liberalism and National Character*, Kibble Books, Melbourne, 1978, p. 249.

rhetoric and arguments were represented primarily by the Associated Chambers of Commerce of Australia (ACCA): 'Free democracy means free enterprise, in which the greatest virtue is free competition'[20] and the IPA (NSW) which, according to Simms, 'emphasised the rights of private enterprise and the moral superiority of its values'[21] Indeed, on the non-Labor side of politics, 'free enterprise' was spoken of as a virtue by all. 'Free enterprise' was seen as the key to a free society, however, as is clear from Tiver's description, those on the Right differed as to what they meant by 'free'.[22] Socialism was an evil, and a very real threat in the mind of the Right, and it was against this threat that free enterprise was posed as the only moral alternative. But how much the government could regulate, direct and involve itself in the economy without plunging the country into socialism and without shackling 'free enterprise' was the contentious issue. Despite this, such rhetoric found a home within the Liberal Party and the Institute of Public Affairs and, by the late 1970s, the radical neo-liberals were able to inscribe their values and meanings onto terms such as 'free enterprise'.

Another major intellectual force of the post-war period that contributed to the emergence of neo-liberalism was the anti-communist intellectual tradition in Australia. Both right and left-wing intellectuals were drawn into this tradition, and its epicentre was the Australian Association for Cultural Freedom (AACF).[23] This anti-communist tradition has maintained continuity in Australian intellectual life right up until the present. It was important in the emergence of the radical neo-liberal intellectual movement for two reasons. First, all radical neo-liberals were anti-communists — this was a deeply held commitment, and no doubt the anti-communist tradition in Australia contributed to this. Secondly, because radical neo-liberalism was posed against 'collectivism' of all varieties, and communism was

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[20] Quoted in Marian Simms, *A Liberal Nation*, p. 30.

[21] *Ibid.*, p, 19

[22] P. G. Tiver, *The Liberal Party: Principles and Performance*, The Jacaranda Press, Milton, 1978, p. 100. Of the meaning of 'free enterprise' at the time, Tiver writes, 'Within the broad concept of 'free enterprise', three main strands of thought can be detected'.

[23] For a description of the AACF, including its use of CIA funds see Cassandra Pybus, '*Quadrant* Magazine and CIA Largesse', *Overland*, 155, 1999, pp. 9-15.

viewed as one variety of collectivism, it was able to find a foothold within the intellectual Right, whose strong anti-communism was one of its defining features.

Less important, but still noteworthy, are the nebulous traditions of libertarianism in Australian intellectual culture. Sydney philosopher John Anderson, for example, was part of the 'Freethought' movement that, in the 1940s, criticised the Labor's government's plans for post-war reconstruction. The individualist nature of the freethought movement led them to attack the tendency towards the centralisation of government in the wake of the War.[24] The importance of the libertarian movements was keeping alive a tradition of extreme individualistic anti-communism. In the 1970s, small libertarian groups provided fertile ground for the development of radical neo-liberalism.[25]

Finally, the revival of neo-classical economics in America that was subsequently imported to Australia in the 1970s was crucial in the intellectual development of many radical neo-liberals. Such theories became widely accepted in university economics departments as well as in the federal treasury.[26] Furthermore, many early movement activists had spent time overseas in US and British universities and in organisations such as the IMF and the World Bank, organisations in which neo-classical economics had become orthodoxy.[27]

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[24] John Docker, *Australian Cultural Elites: Intellectual Traditions in Sydney and Melbourne*, Angus and Robertson, Sydney, 1974, p. 133.

[25] See for example Greg Lindsay's description in Andrew Norton, 'The CIS at Twenty: Greg Lindsay Talks to Andrew Norton', *Policy*, Winter 1996, pp. 16-21.

[26] For the growing influence of neo-classical economics in the Treasury, see Greg Whitwell, *The Treasury Line*, Allen and Unwin, St Leonards, 1986. Groenewegen and McFarlane report that Fred Gruen's survey of the Australian economics profession during the 1970s found a 'growing right-wing libertarian tendency in Australian policy discussion, particularly associated with Monash University and the Australian National University' (Groenewegen and McFarlane, *A History of Australian Economic Thought*, p. 180).

[27] Both Michael Porter and John Stone worked for the IMF. Helen Hughes worked for the World Bank.

The intellectual core of radical neo-liberalism

Individualism, negative liberty and anti-collectivism

The individual is the starting point for radical neo-liberal ideology. Specifically, the individual is conceived of as a rational, calculating, self-interested utility maximiser: self-interested meaning that individuals pursue their interests, wants and preferences; rational, meaning that individuals are aware of what such interests, wants and preferences are; and calculating, referring to the way in which individuals weigh up which course of action to take based upon the 'incentives' on offer.

Radical neo-liberals are keen to distinguish this understanding of the individual from the claims made about them by their critics. Movement activists have been at pains to stress that 'self-interested' is not the same as selfishness.[28] Self-interest, they assert, is merely the pursuit of one's interests, wants and preferences. It says nothing of concern, or lack of it, for others.

There is, however, disagreement within the radical neo-liberal camp as to how far this conception of the self-interested individual should extend. Some prefer to confine such a conception to the sphere of the market. That is, some activists argue that while self-interest is an appropriate model for individual behaviour in markets, it does not follow that it is an appropriate model for non-market relationships — for families, for example. In addition, it says nothing of all of the other qualities that make up an individual:

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[28] See for example, Michael James, 'Markets and Morality' in Chris James, Chris Jones and Andrew Norton, (eds), *A Defence of Economic Rationalism*, pp. 161-2.

> The charge that liberals view the individual as an economic rather than a
> moral being may simply be a gratuitous insult, since it presents a picture
> no liberal would recognise as one of himself.[29]

Others however, such as those inspired by public choice theory, are unequivocal that *homo economicus* provides the appropriate model of individual behaviour in both market and non-market spheres. Public Choice theorist Geoffrey Brennan, in conjunction with his co-author, James Buchanan, argues that *Homo Economicus* is the most appropriate model for understanding the individual in market and non-market settings.[30] Both of these conceptions raise problems. If self-interested behaviour exists only in the market, then it is not clear why this should be the case. Why is the market privileged as the site of self-interested utility maximisation? Conversely, proponents of *homo economicus* have to justify how non-market relationships, such as those found within families, operate according to the rational pursuit of self-interest. There have been attempts to overcome these problems — such as Michael James' argument that self-interest may be more adequate than altruism in explaining voluntary gift-giving to charities,[31] as well as through the Markets Morals and Civil Society Project, discussed later in this chapter – however, the theory of the individual remains one of the movement's largely unacknowledged inconsistencies.

Nonetheless, there is a consensus within the neo-liberal movement that, in the context of market and market-like relationships at least, it is as self-interested, rational and calculating that the individual is properly conceived. Without this understanding of the individual, radical neo-liberal ideology, and all of its consequent policy positions, falls down in an incoherent heap.

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[29] Chandran Kukathas, 'Thoughts on the Conservative Discontent', in Chris James, Chris Jones & Andrew Norton, *A Defence of Economic Rationalism*, p.147.

[30] Geoffrey Brennan and James Buchanan, *The Reason of Rules: Constitutional Political Economy*, Cambridge University Press, Cambridge, 1985, pp. 46-66.

[31] Michael James, 'Welfare, Coercion and Reciprocity' in M. James (ed.), *The Welfare State: Foundations and Alternatives*, Centre for Independent Studies, St. Leonards, 1989, pp. 16-22.

The liberty of the individual to pursue such interests is, according to the radical neo-liberals, what must be enabled, defended and extended. But there are different conceptions of how exactly individual liberty should be conceived. Chandran Kukathas, for example, has mounted an articulate defence of negative liberty,[32] whilst others flit between both negative and positive conceptions of liberty.[33] Such disagreements are perhaps not surprising given the many intellectual influences discussed already in this chapter. Like those theorists discussed in the previous chapter, the point of agreement amongst the neo-liberal intellectuals is the primacy of the right to private property: that is, the liberty to dispose of one's property as one sees fit. The practical policy manifestation of this is that there should be few legal constraints upon private property exchanges. Not only is this seen as a right in itself, but, as with Friedman, it is often contended that other freedoms flow from this.

Such a conception of liberty leads radical neo-liberals to defend inequalities within capitalist systems as the inevitable, but not necessarily lamentable, product of a free society. The radical neo-liberals tend to agree with Hayek: that a commitment to liberty is 'bound to produce inequality',[34] but that 'economic inequality is not one of the evils which justify our resorting to discriminatory coercion or privilege as a remedy'.[35] Many also echo similar statements by, Friedman:

> Life is not fair. It is tempting to believe that government can rectify what nature has spawned. But it is also important to recognise how much we benefit from the very unfairness we deplore.[36]

For the radical neo-liberal movement, the economic inequalities produced by free market capitalism lead to innovations and increases in the net wealth of society.

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[32] Chandran Kukathas, 'Defending Negative Liberty', *Policy*, Winter 1994, pp. 22-26.
[33] See Lauchlan Chipman, *Liberty, Justice and the Market*, CIS, Sydney, 1981.
[34] Friederich von Hayek, *The Constitution of Liberty*, Gateway, Chicago, 1972, p.17.
[35] *Ibid.*, p. 88.
[36] Milton Friedman and Rose Friedman, *Free to Choose*, pp. 168-169.

Ultimately, these inequalities lead to greater opportunities for most of the population, and any attempt to legislate for equality, other than equality before the law, is coercion. Again, the primacy of property rights becomes evident. Thus, a theme which emerges from this discussion is a preference for equality of treatment and a hostility to equality of opportunity, or 'equality of outcome'.

In arguing for the virtues of inequality, the liberals discussed here are also engaged in a defence of the capitalist system. Economic freedoms, and thus economic inequalities, are seen as a precondition for the existence of other freedoms. The free society is thus a capitalist society, but not necessarily a democratic one. For radical neo-liberals, liberty is a value in and of itself, to be prized ahead of democracy which is simply a means to an end.

That the individual is the basic unit of society also means that, for the radical neo-liberals, the notion of classes is nonsensical. Class is a figment of the Marxist imagination. Each individual having unique interests means that it is impossible to generalise about the interests of groups. This is similar to Hayek's argument that individuals possess 'known private spheres'[37] and only the individual, therefore, can know her or his own interests. For Hayek, as for movement activists in Australia, all other considerations stem from this. A similar notion is embodied in Friedman's statement: 'To the free man, the country is the collection of individuals who compose it, not something over and above them'.[38] Any notion of classes or class power is made a nonsense by such a formulation — individuals can choose to join groups to promote their interests, but such interests are necessarily subjective and unique to the individual: class interests simply do not exist. Radical neo-liberals thus claim to examine the relationships between individuals, not between groups. The movement is therefore anti-collectivist. According to the movement, not only does 'collectivism' impose a false view of the individual upon society, it is also

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[37] Hayek, *The Constitution of Liberty*, p. 21.
[38] Milton Friedman (with the assistance of Rose Friedman), *Capitalism and Freedom*, University of Chicago Press, Chicago, 1962, pp. 1-2.

necessarily coercive: it destroys individual liberty by imposing particular conceptions of the good society onto individuals with diverse and unknowable interests. It is against what it views as the collectivist trend within twentieth century Australian politics (which for the radical neo-liberals includes everything from Keynesianism to social democracy to socialism) that the radical neo-liberal movement has defined itself.

The role of markets and the state

As already stated, the overriding goal of the movement is the dismantling of the institutions of the Keynesian welfare state. This goal rests upon two justifications: one economic, and one ethical.

The economic argument holds that the welfare state is unable to achieve its aims of providing goods and services to all through the redistribution of income via taxation and the public provision of services – that is, the welfare state does not work. Following the public choice critique, movement activists maintain that governments operate according to the individual self-interest of bureaucrats, politicians and lobby groups. The upshot of this is that welfare payments of all types simply serve the interests of bureaucrats, politicians and lobby groups. Welfare bureaucrats and lobby groups have an interest in maintaining their client base, that is they have an interest in maintaining levels of disadvantage. For this reason welfare payments are not designed to assist those in need. Rather, the welfare state favours 'special interests':

> Lobbying by pressure groups and electoral competition between political
> parties interact to produce bigger governments by favouring short-run
> special interests (which benefit from more intervention) at the expense of
> long-run public interests (which benefit from less intervention).[39]

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[39] Michael James, 'Cutting Government Down to Size, *CIS Policy Report*, April 1986, p. 1.

This 'capture' of the political processes of the welfare state by special interests produces a situation where the state redistributes income to the middle class rather than to those most in need of assistance. This is because the educated middle class are more capable of organising to promote and lobby for their interests than are the poor.[40] For radical neo-liberals, government agencies and corporations in a welfare state operate according to 'non-commercial goals'[41] and are thus not subject to the neutral pricing mechanisms and discipline of market forces. Government regulation of markets creates 'distortions',[42] thus creating inefficiencies, and the political considerations involved in formulating such regulations means that governments are, in effect, 'picking winners'[43] by favouring certain industries rather than allowing markets to produce optimal outcomes. The monopolistic provision, by the welfare state, of services (such as education, health, welfare, air travel etc.) tends to 'crowd out' initiatives from the private sector; again, not allowing market forces to run their course.[44] According to the radical neo-liberals, welfare payments tend to reward passivity and destroy incentives to seek employment.

The ethical critique of the welfare state draws upon the movement's understanding of the individual, outlined above, and holds that because the welfare state inevitably infringes individual liberty, it is therefore an evil. State regulation in the area of industrial relations, for example, constitutes a constraint upon the freedom to choose one's own job and negotiate one's own conditions of work.[45] Industry regulation constitutes an infringement of liberty by constraining the entrepreneur's right to trade and the customer's right to choose freely and without 'oppressive government

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[40] See Delia Hendrie and Michael Porter, 'The Capture of the Welfare State', *IPA Review*, August-September 1987, pp. 52-55; Jacob Abrahami, 'Governments and Job Destruction', *IPA Review*, Summer 1985, pp. 186-188.

[41] Des Moore and Michael Porter (eds.), *Victoria: An Agenda for Change*, Tasman Institute and the Institute of Public Affairs, Melbourne, 1991, p. 10.

[42] See for example Alan Moran, 'Business Regulation – its Scope, Costs and Benefits in Australia', in Michael James (ed), *Restraining Leviathan: Small Government in Practice*, CIS, St. Leonards, 1987, p. 142.

[43] Des Moore and Michael Porter, *Victoria: An Agenda for Change*, p. 8.

[44] See for example, James Cox, *Private Welfare*, CIS, St. Leonards, 1992, pp. 49-59.

[45] John Stone, 'How to Achieve Full Employment', *IPA Review*, Vol. 46, No. 2, 1993, pp. 29-31.

intervention'.[46] Movement activists' use of language such as 'interference' to describe governmental activity within a national economy itself suggests what the proper role of government should be.

The alternative proposed by the radical neo-liberals is the superiority of markets over the government's provision of services and over governmental regulation of the economy. Markets, according to movement activists, are the most efficient means for the allocation of goods in society. They are also the most moral. Movement activists argue that, when free from government interference, markets involve 'voluntary exchanges' between individuals (be they individual firms or persons), and through such exchanges both individuals benefit because no rational self-interested individual would voluntarily enter into a disadvantageous exchange or contract. Free markets thus uphold liberty by enabling 'individual choice', and provide a means for allocating resources based upon the preferences of individuals, thus ensuring efficiency. It is on this basis that the radical neo-liberals, following Hayek and Friedman, proclaim free markets a more moral means of distributing goods than the welfare state.

Evidence of corporate collapse and the failure of markets to deliver goods and services to all is generally explained by radical neo-liberals as an example of 'government failure' rather than of 'market failure' — that collectivist governments have failed to provide the proper conditions for the effective and efficient operation of markets. As part of their re-writing of economic history, radical neo-liberals explain depressions and recessions as resulting from the intervention of governments in the economy rather than as the results of boom and bust cycles of a capitalist economy. They question the ability of governments to plan effectively, some borrowing from Hayek the anti-rationalist critique of knowledge: that individuals may differ greatly in their interests and values and therefore individuals, not governments, are the best judges of these and that the complexity of modern

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[46] John Logan, David Green and Alan Woodfield, *Healthy Competition*, CIS, St. Leonards, 1989, p.4.

societies The uncertainty of predicting outcomes of complex market and societal relationships means that:

> Governments should allow the vast resources of knowledge in their societies to be utilised by their citizens in effective decisions, and create the conditions in which their citizens can plan as best they can. Governments cannot do that planning for them, and the attempts to do so simply ends up creating uncertainties. And governments only make life more difficult for themselves by attempting to plan to achieve objectives when the requisite knowledge and power for success is unavailable.[47]

In the rhetoric of the radical neo-liberal movement, the state is akin to the Hobbesian 'Leviathan'[48] — powerful, ever growing and desiring the acquisition of more power — while the market, through competition, harnesses individual self-interest to produce collective goods via Adam Smith's 'invisible hand'.[49] Thus, neo-liberals call for the state to withdraw from many of the functions within the economy. They stop short of calling for the abolition of the state, opting instead for a minimal state, where assistance is available to those in 'true need', but where many functions of the welfare state are devolved to the private sector. The role of the state then becomes, primarily, to 'detect and prevent violence, theft and deception' and to 'enforce contracts'.[50]

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[47] David Kemp, 'Why Governments Do Not Plan Effectively', *IPA Review*, Autumn 1984, p. 35.

[48] From the title of the CIS book: Michael James (ed), *Restraining Leviathan*.

[49] Testimonies to Adam Smith are rife throughout radical neo-liberal literature. In addition to obvious examples such as the Adam Smith Club and the Tasman Institute's A Green Thumb for the Invisible Hand (Peter Hartley and Michael Porter, *A Green Thumb for the Invisible Hand*, Tasman Institute, Melbourne, 1990) see also John Nurick's acknowledgements at the beginning of Mandate to Govern: 'It is also proper to acknowledge the freedom-loving philosophers and economists from John Locke to Adam Smith to the present day, whose work has influenced **Mandate**' (John Nurick, 'Foreword' in John Nurick (ed), *Mandate to Govern: A Handbook for the Next Australian Government*, AIPP, Perth, 1987, p. xvi).

[50] Lauchlan Chipman, *Liberty, Justice and the Market*, pp.13-14.

The ideology of the radical neo-liberal movement is thus both a reified theory of how individuals and markets operate under capitalism, as well as a utopian theory of an ideal form of capitalism. Indeed, radical neo-liberal theory constitutes an excuse for the power, privilege and largesse of the capitalist class.

Although when speaking in general terms about the ills of contemporary society, movement activists have targeted bureaucrats, interest groups and businesses who have lobbied the state for special consideration or exemptions, and lumped them under the pejorative label of 'special interests', they have been largely silent on actual examples of 'corporate welfare'. Indeed, they have valorised entrepreneurs as the engines of wealth and progress:

> The transformation in the space of two hundred years of the people of Western Europe, and subsequently some other parts of the world, from relatively small populations of predominantly miserable, half-starving peasants into hundreds of millions of well-fed, healthy and relatively affluent citizens has been wrought in large part by business enterprise.[51]

The neo-liberals have framed entrepreneurs, and capitalist enterprises in general, as persecuted in contemporary society. Baker, for example, is puzzled that although 'The history of mankind is strewn with distressing stories of persecution and prejudice' more of which are being brought to public attention, what is ignored is 'one of the most ubiquitous of prejudices in the history of mankind: that against the entrepreneur or merchant'[52] At the same time, they have consistently defended the private property rights of entrepreneurs.[53]

Inequalities of wealth and income are naturalised by the radical neo-liberal movement. Those elements within the Christian church who have highlighted with

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[51] Barry Maley, 'The Current Attack on Private Property', *IPA Review*, Winter 1984, p. 87.
[52] Ken Baker, 'The Stigma Against Commerce', *IPA Review*, November-January 1987/88, p. 47.
[53] See for example Barry Maley, 'The Current Attack on Private Property', pp. 87-91.

concern inequalities of wealth in Australian society have come in for special criticism from radical neo-liberals.[54] Radical neo-liberal Reverend, Warren Clarnette, for example, argues that when the Bible speaks of the poor it does not refer to those who are materially poor, but to those who 'recognise their need of grace', and thus it is foolish for the church to engage in calls for the alleviation of poverty through state spending and regulation.[55] Like Hayek and Friedman, radical neo-liberals defend inequalities of income and argue that wealth does not equal happiness. Also following Hayek, the movement dismisses the whole concept of social justice as a dangerous collectivist myth; attempts by the state to legislate certain types of equality only results in the advantage of one group at the expense of another.[56]

Ultimately radical neo-liberal arguments about individuals and markets only work through a simplistic and utopian conception of markets and a concurrent demonisation of state activity within the economy.[57] Andrew Norton outlines these assumptions:

> Implicit in market exchange is that obligations are approximately equal, as people will not agree to exchanges that make them worse off.[58]

Michael James extends this conceit:

> the market is to a significant extent a self-correcting mechanism which, given time, can often spontaneously overcome its own mistakes[59]

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[54] Geoffrey Brennan and John K. Williams (eds), *Chaining Australia: Church Bureaucracies and Political Economy*, CIS, St. Leonards, 1984.

[55] Warren Clarnette, 'The Churches and Economic Rationalism' in Chris James, Chris Jones and Andrew Norton (eds), *A Defence of Economic Rationalism*, pp. 174-175.

[56] See for example, Lauchlan Chipman, *Liberty, Equality and Unhappiness*, CIS, Turramurra, 1978.

[57] For a critique of the radical neo-liberal understanding of markets, see Peter Self, *Rolling Back the Market: Economic Dogma and Political Choice*, Macmillan, London, 2000, pp. 1-32.

[58] Andrew Norton, 'The Market Mentality' in Alan Hamlin, Herbert Giersch and Andrew Norton, *Markets, Morals and Community*, Centre for Independent Studies, St. Leonards, 1996, p.45

[59] Michael James, 'Economic Rationalism and the Liberal Tradition', *Policy*, Spring 1991, p.3

Radical neo-liberal ideology is blind to the disparities of power that are a necessary part of any capitalist system.

Similarly, radical neo-liberals are ignorant of the centrality of the state to the reproduction of capital. That the radical neo-liberals fail to appreciate this is symptomatic of their broader misunderstanding of the nature of capitalist society. As Jessop writes, 'the capital relation cannot be reproduced entirely through market exchange'.[60] The state is crucial for providing the framework within which capitalist relations can exist through such activities as the provision of infrastructure, the regulation of markets, the maintenance of 'social cohesion'[61] or the correction of 'market failure'.[62] As Lindblom argues, the state must "induce" business to perform its role in capitalist society.[63] Radical neo-liberal ideology is blind to this because it is an idealist form of bourgeois individualism – what Evan Jones has recently called 'idealist economics'.[64] It misunderstands and mystifies capitalist social relations at the same time as deifying them. Such misunderstandings and contradictions provide the basis for radical neo-liberalism's ideological function.

New class discourse

New class discourse is a crucial feature of the radical neo-liberal movement's assault upon the Keynesian welfare state, and upon the Left in general. Derived from the American neo-conservatives, new class discourse holds that a radical tertiary-educated minority, primarily employed in the public sector, has, since the 1960s, replaced the proletariat as the class most antagonistic to capitalism. This 'new class',

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[60] Bob Jessop, *The Future of the Capitalist State*, p. 18.
[61] *Ibid*., p. 21.
[62] *Ibid*., p. 41.
[63] Charles Lindblom, *Politics and Markets: The World's Political-Economic Systems*, pp. 173-4.
[64] Evan Jones, 'The Ascendancy of an Idealist Economics in Australia', *Journal of Australian Political Economy*, No. 50, December 2000, pp. 44-71.

according to the radical neo-liberals, has its roots in the radical movements of the 1960s: having failed to bring about their desired radical transformation of society, left-wing activists entered institutions such as the bureaucracy, universities, the media and the teaching profession, and proceeded to pursue their own ideological agendas whilst claiming to be working in the public interest.

For the radical neo-liberals, the notion of the new class provides a theoretical framework within which a number of disparate concerns have been drawn together. On the one hand it offers an explanation for the major social and cultural changes that occurred in Australian society since the 1970s. The thesis of the new class identifies those responsible for these changes (the former radicals of the 'sixties) and provides a justification for opposing such changes and those who support them. On the other hand the idea of the new class compliments key elements of the radical neo-liberal worldview, particularly the public choice argument that governmental and bureaucratic activity can be reduced to the self-interest of powerful public servants and politicians. As will be detailed in Chapter Three, one of the strengths of the new class thesis is its ability to reconcile both radical neo-liberal and conservative world views.

A range of synonyms has been employed by the Australian Right to attack this common enemy: 'political correctness'; 'special interests'; the 'guilt industry'; the 'Aboriginal industry'; and the 'welfare industry'. Underpinned by the notion of the new class, these rhetorical devices comprise a 'new class discourse': a set of language and associated assumptions whose central organising idea is that of the new class.

New class discourse constructs social movements, trade unionists, anti-globalisation protestors, Aboriginal activists, feminists, gay rights activists and social justice advocates as powerful, well-paid zealots. So this argument goes, whilst claiming to represent the public interest the new class members use their privileged positions to

pursue narrow ideological or self-interested agendas and are out of touch with the values and aspirations of ordinary Australians. The object, or target, of new class discourse is therefore the Left, broadly conceived. New class discourse identifies the Left both as the home of elites (in terms of their income, status and occupation relative to ordinary Australians) and as elitist (in terms of their disdain for the attitudes of ordinary Australians), positioning the Left in opposition to ordinary Australians.

Different rhetorical components of new class discourse construct 'left-wing elites' in particular ways. Much like the new class thesis, the notion of 'political correctness' was imported to Australia via right-wing American think tanks. There, the term 'political correctness' was used by right-wing intellectuals to depict a 'New McCarthyism' emerging on university campuses around the country. According to this view, radical left-wing feminist, gay and multiculturalist academics (the former radicals of the 'sixties) were foisting their ideologies on unsuspecting students through the enforcement of strict speech codes and the dismantling of the traditional canon of Western literature. Those who spoke out against this dogma, so the Right argued, faced the threat of censure or of losing their job. Although, as numerous writers have demonstrated, there was little evidence for the claims being made by the Right, the notion of 'political correctness' was picked up by the popular press and became the centrepiece of a torrent of articles portraying a supposed 'crisis' on US campuses.[65] 'Political correctness' was picked up by the Australian radical neo-liberals and extended in its application to include all those political positions adhered to by the 'new class'. In 1993, for example, John Stone, attacked Santina Bertone,

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[65] See Jim Neilson, 'The Great PC Scare: Tyrannies of the Left, Rhetoric of the Right' in Jeremy Williams (ed), *PC Wars: Politics and Theory in the Academy*, Routledge, New York, 1995, pp. 60-89; McKenzie Wark, 'Free Speech, Cheap Talk and the Virtual Republic' in Phillip Adams (ed), *The Retreat From Tolerance: A Snapshot of Australian Society*, ABC Books, Sydney, 1997, pp. 162-187 Wilson, *The Myth of Political Correctness: the Conservative Attack upon Higher Education*, Duke University Press, Durham, 1995; Anthony Ashbolt, 'Postmodernity, Political Correctness and the Collapse of Ideology', *Australasian Journal of American Studies*, Vol. 13, No. 2, December 1994, pp. 35-44.

Director of the Workplace Studies Centre at Victoria University of Technology in the following way:

> Her contribution is also filled with politically correct references to women being the 'main victims of poverty and violence'; the 'benefits of a century of centralised, arbitration-based wages and conditions (for those whom that system has not so far put out of a job); and so on, including at least a couple of the nowadays obligatory politically correct references to Aborigines.[66]

It is an effective term of denigration because of its suggestion that the opinions of the 'politically correct' are not deeply held but are a product of intellectual fashion. Implicit in the term is the notion of an orthodoxy, and it is no surprise that the Right has argued that 'political correctness' has been imposed on ordinary Australians by new class elites

Although not new to Australian political discourse, the term 'special interests' has been mobilised in a new context by the Right to attack those groups viewed to have wielded influence over the Hawke and Keating Labor governments: particularly trade unions, feminist groups, environmental groups and those advocating multiculturalism and Aboriginal rights. 'Special interests' conveys the sense that such groups enjoyed a privileged position under successive Labor administrations; that they had a 'special' relationship with Labor whilst the interests and values of ordinary Australians were being ignored.

The existence of various tax-payer funded 'industries' is also posited by new class discourse and used to portray the Left as an elite. Most common amongst these are the 'welfare industry', the 'Aboriginal industry', and the 'guilt industry'. Behind

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[66] John Stone, 'The Critics of Economic Rationalism' in Chris James, Chris Jones and Andrew Norton (eds), *A Defence of Economic Rationalism*, p. 97.

such terms is the notion that it is to the economic advantage of welfare and Aboriginal advocates to perpetuate notions of poverty and Aboriginal disadvantage in order to maintain a constant stream of public funds into the organisations they work for — whether it be the public service or non-government organisations. According to right-wing activist and former managing director of Western Mining Corporation, Hugh Morgan:

> The major obstacle within Australian society to improving the quality of life of the Aborigines is not the pockets of racism that persist, but the guilt industry.[67]

For the radical neo-liberal movement such rhetoric lends support to their attacks upon the very notion that Indigenous Australians were forcibly dispossessed from their land. Ron Brunton, for example, criticised the federal government's discussion paper on the High Court's Mabo decision for 'always giving the impression that dispossession was forced or otherwise involuntary'.[68] The 'guilt industry' carries the twin connotations of economic self-interest and middle-class self-loathing as motivations for those who advocate the extension or simply the maintenance of Aboriginal rights. The notion that various forms of social justice advocacy constitute 'industries' serves to cast suspicion on the motives of such advocates and to portray them as enjoying lucrative careers at the expense of those they are professing to assist.

The central claim, then, of new class discourse is that the Left exists outside of the 'mainstream' and stands in opposition to 'ordinary' Australians via its values privileges and motivations. New class discourse posits the Left as 'other': as suspect and deviant. Whilst new class discourse is quite explicit about what constitutes this other, also implicit in the discourse is a claim about 'mainstream' Australia: that it is hard-working (not leisured or privileged); individualistic (not collectivist);

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[67] Hugh Morgan, 'The Guilt Industry', *IPA Review*, May-July, 1988, p. 20.
[68] Ron Brunton, 'Mabo and Reconciliation', *IPA Review*, Vol. 46, No. 2, 1993, p. 19.

conservative (not radical); proud (not self-loathing); possessed of common wisdom (not ideological); and perhaps even neo-liberal (not socialist). By using new class discourse to position the Left as other, the radical neo-liberals attempted to position themselves as guardians of the mainstream.

The road to utopia: policy preferences for a radical neo-liberal state

Most of the policy alternatives put forward by the radical neo-liberal movement are drawn from the intellectual antecedents discussed earlier in the chapter, with the work of Friedman being particularly important because of its articulation of an alternative policy agenda across a wide range of government portfolios. Additionally, Australian radical neo-liberals have drawn lessons from the experiences of neo-liberal governments in other countries — particularly New Zealand under the Lange/Douglas government, Britain under Margaret Thatcher and Reagan's America.[69] On the issue of economic policy, the movement favours a *minimal* state. It has generally acknowledged the need for a minimum safety net with regards to welfare, and for the state to provide a legal framework within which commerce can occur. As will be discussed later in this chapter however, radical neo-liberals have been divided over the appropriate role and scope of the state on non-economic issues, such as the enforcement of particular moral codes of conduct. Nonetheless, it is with the government's provision of services and government's role within the economy that the neo-liberals are primarily concerned.

The advocacy of a shift in power and responsibility from the public sector to the private sector has characterised radical neo-liberal proposals for policy reform. Informed by their understanding of markets and individuals, and their associated critiques of the role of the state, the radical neo-liberal movement has formulated a range of policy alternatives for transforming the state into something approaching

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[69] See for example Michael Porter, '"Rogernomics" – The Real Challenge', *IPA Review*, February-April, 1988, pp. 19-20.

the utopia of radical neo-liberal theory. Although, piecemeal reforms have *sometimes* been advocated, it is the wide-scale dismantling of the Australian Keynesian welfare state that has been the explicit goal of the movement.

A shift in power from the public to private sectors has meant, in practical policy terms, advocating: a devolution of government activities to the private sector; a lessening of the regulations imposed by governments upon markets; a reduction of government's in wealth redistribution and in equalising the opportunities available to its citizens; and the creation of new markets for valuing and exchanging public goods.

The commitment of the radical neo-liberal movement to these particular policy alternatives has remained strong over the period surveyed. Particular policies have been elaborated upon, some have been modified and fine-tuned and the benefits of time, learning and discovery have provided the movement with the ability to add greater detail and sophistication to their proposals. But the radical neo-liberal policy agenda of 1996 was remarkably similar to that of the early 1980s.

The radical neo-liberal approach to policy alternatives is summed up in the following passage by John Freebairn. After admitting a limited role for government in 'establishing and maintaining property rights and the rules and regulations of commerce'; in intervening in the rare cases of 'market failure'; and in ensuring some kind of minimum safety net for the 'genuinely disadvantaged'; Freebairn argues that each area of government policy needs to be interrogated according to the following criterion:

> Where the rationale for government intervention cannot be established, the program becomes a candidate for phasing out. Where intervention is deemed desirable, it can take many forms other than direct government supply. Providing citizens with the goods and services they require at

low cost is enhanced by the existence of potential or actual competitors. this is achievable by funding individual recipients rather than suppliers, by inviting tenders for the provision of public goods, by reducing artificial barriers to entry for competitors and by the use of taxes, subsidies and other market means to counter externalities.[70]

Levels of federal government expenditure in Australia have consistently been attacked by the radical neo-liberals as being too high.[71] Although simple arguments of economic efficiency have been made to support such calls — that public expenditure 'crowds out' private savings and that a large and increasing public sector increases pressure on politicians for deficit spending, for tax increases in taxation and has a generally negative effect upon the competitiveness of the national economy — the underlying reason for reductions in public expenditure has been to transfer the functions of government, in many areas, to the market. In addition to straight cuts to government expenditure, and revenue collection capabilities,[72] four strategies have been advocated for achieving this: de-regulation; privatisation; marketisation; and contracting out.

De-regulation refers to the loosening, or removal, of regulations governing how corporations can operate within a particular market. It has a philosophical as well as an economic basis. Philosophically, it aims at the removal of the 'coercive' regulations placed upon the ability of individual corporations to engage in property exchanges. Economically, it is justified on the grounds that it removes government regulations that constitute impediments to competition and thus to market efficiency. Deregulation has been called for in such areas as finance, aviation, telecommunications, industrial relations, health, education and transportation — in fact, in most of the markets which governments regulate. According to neo-liberals,

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[70] John Freebairn, 'Dear Minister', *IPA Review*, Vol. 49 No. 1, 1996, p. 21.
[71] See for example Michael James, 'Cutting Government Down to Size', pp. 1-5, 16.
[72] See for example John Freebairn and Des Moore, 'Why We Need a Flatter Income Tax', *IPA Review*, March-May 1989, pp. 36-39.

instead of 'picking winners'[73] and favouring 'special interests' through market regulation, governments should ensure the rule of law by implementing transparent, non-discriminatory and predictable rules of conduct in the marketplace. Such an attitude is expressed by movement activist, Wolfgang Kasper:

> much regulation is not just a benevolent reinterpretation of the common law, but is a political response to special pleading from economically powerful groups. Regulations create their own client lobbies, which then perpetuate 'their' regulation, because the regulation has become a valuable property.[74]

Deregulation is often proposed by radical neo-liberals alongside a policy of privatisation which involves the transfer of ownership of government companies from the public to the private sector: the selling of government owned assets. At the federal level, privatisation has been recommended for such corporations as the Commonwealth Bank, Qantas, Australia Post, Australian National Shipping Line and Telecom/Telstra. The primary arguments for privatisation put by the radical neo-liberal movement are those of efficiency and the provision of consumer 'choice'. It is argued that public ownership reduces the need of the enterprise to the subject 'to the discipline of the financial markets'.[75] They are also 'more vulnerable than their private counter-parts to political and industrial pressure',[76] that is, their decisions are more likely to be based upon imperatives of the bureaucracy and of the government of the day than private sector companies. Further, the likelihood of trade unions within that industry being able to extract uncompetitive concessions and special privileges is heightened. The privatisation solution, according to the radical neo-liberals, forces market discipline upon such companies, making them more

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[73] Des Moore and Michael Porter (eds.), *Victoria: An Agenda for Change*, p. 8.
[74] W. Kasper, 'Comments' in Michael James (ed.), *Restraining Leviathan: Small Government in Practice*, p. 174.
[75] Greg Lindsay, 'Privatisation: Restating the Obvious', *CIS Policy Report*, April 1988, p. 1.
[76] *ibid*., p. 1.

responsive to individual preferences and thus more efficient. It is for this reason that privatisation is viewed as a more democratic form of service provision:

> It takes what is effectively owned by the bureaucrats and puts it not in the hands of members of the public ... It is taking a large part of the economy which had been appropriated from the people and is giving it back to them.[77]

Generally, privatisation is advocated in tandem with deregulation in order to maximise the competitiveness of the market and provide 'consumers' with what the movement argues will be a choice of services, tailored to the needs of individuals.

Contracting out, or outsourcing, is a policy prescription, the purpose of which, again, is to shift responsibility for the provision of services from the public to the private sector. It involves either government departments competing with private enterprises for the right to carry out the previous functions of that department, or in some cases, the direct transfer of bureaucratic responsibilities to the private sector. The thinking behind these proposals is that the provision of such services will be made more efficient because it will be subject to market forces as well as being less open to 'bureaucratic capture'.

'Marketisation' refers to the creation of markets for public goods, so that instead of such goods being subject to the supposed arbitrary and subjective values placed upon them by governments, a system of market-based incentives is introduced. One example of this is the proposal to introduce education 'vouchers' to replace the direct funding of schools and universities by governments.[78] Another is the neo-liberal

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[77] Anon., 'Why Privatize?', *IPA Review*, Vol. 47 No. 2, 1994, p. 34.
[78] See Tony Rutherford, 'Democracy, Markets and Australian Schools' in Chris James, Chris Jones and Andrew Norton (eds), *A Defence of Economic Rationalism*, pp. 151-159; Mark Harrison, *A Private Education for All*, CIS, St. Leonards, 1996.

conception of the creation of market mechanisms for valuing the environment.[79] As well as the economic argument of efficiency, such policies are also justified philosophically as creating a system where individual choice is the driving force, rather than coercive, 'paternalistic' government apparatuses.

'Constitutional' reforms have been a minor but important area of the radical neo-liberal policy arsenal. Based primarily upon public choice theory[80] this area of policy prescription involves changes to the 'rules of the political game'[81] that encourage (or constrain) politicians to act in a way that produces small and efficient government. The goal is to set up incentives that circumvent the coterie of bureaucratic 'rent maximisers' that public choice theorists have identified as going hand-in-hand with democratic government. Like much of public choice theory, it is founded upon a profound scepticism regarding the ability of democratic government to act 'efficiently'. Examples of 'constitutional' reform proposals are regulations forcing governments to produce balanced budgets (first proposed by Milton Friedman) and the need for 'reinforced' (two-thirds) majorities in parliament in order to enact legislation, thus, theoretically, making it difficult for 'special interest' lobbyists to prevail over the public interest.[82] Sporadic support has also been evident for Citizen Initiated Referenda.[83] All of this has gone hand in hand with consistent hostility towards what is perceived to be an 'activist judiciary'. Such hostility reached its height in the movement's reaction to the Mabo decision.[84]

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[79] Peter Hartley and Michael Porter, *A Green Thumb for the Invisible Hand*; Barry Maley, *Ethics and Ecosystems: Protecting Human Interests and Environmental Values*, CIS, St. Leonards, 1994.

[80] See for example Geoffrey Brennan and James Buchanan, *The Reason of Rules: Constitutional Political Economy*. Geoffrey Brennan has been one of the leading advocates of 'constitutional' checks on government spending power.

[81] Geoffrey Brennan, 'Constitutional Routes to Smaller Government' in Michael James (ed.), *Restraining Leviathan,* p. 312.

[82] M. James, 'Cutting Government Down to Size', p. 16 .

[83] See for example, Michael James, 'Two Proposals for Conservative Constitutional Reform', *IPA Review*, May-July 1988, p. 23.

[84] See Peter Durack, Ron Brunton and Tony Rutherford, *Mabo and After*, IPA, Perth, November 1992; Ron Brunton, 'Mabo and Reconciliation', *IPA Review*, Vol. 46, No. 2, 1993, pp. 17-19.

Often, a combination of these strategies is advocated for any particular government sector. Welfare policy is a good example of this. Radical neo-liberals argue that state administered welfare payments create a culture of 'welfare dependency' where 'many welfare programs encourage individuals to adjust their behaviour so as to qualify for the benefits they bestow'.[85] Thus, instead of being a temporary stop-gap measure between jobs, welfare becomes a way of life. Further, because the welfare state is liable to 'capture' by 'special interests', much welfare policy ends up being a form of 'middle class welfare'[86] as these special interests 'organise and lobby for welfare policies that favour them'.[87] The state thus subsidises and encourages unemployment and redistribution to the middle class whilst 'crowding out' those who have been providing effective welfare relief for years — private charities and voluntary organisations.[88] Solutions proposed to dismantle the state-provision of welfare have included: straight cuts to welfare payments; decreases in the length of time people are eligible to receive payments; and work for the dole schemes to discourage 'welfare dependency', enforce a sense of obligation and provide incentives to find work.[89] The functions of the Commonwealth Employment Service are to be contracted out to the private sector (whether to charities or other service providers) and some movement activists have even suggested the introduction of welfare 'vouchers', thus creating a market for welfare payments.[90] Radical neo-liberals justify the outcomes of such reductions in the role of the state as welfare provider, by stating that the flourishing of the private and voluntary welfare sectors will result, thus reducing the need for state intervention.

Similarly with education, the movement desires an end to government being primarily responsible for its provision. Again, different options have been proposed,

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[85] Michael James (ed.), 'Welfare, Coercion and Reciprocity', p. 4.
[86] See for example Delia Hendrie and Michael Porter, 'The Capture of the Welfare State, pp. 52-55
[87] Michael James, 'Welfare, Coercion and Reciprocity', p. 4.
[88] John Goodman and Alistair Nicholas, *Voluntary Welfare: A Greater Role for Charities*, CIS, St. Leonards, 1990.
[89] Work for the dole was proposed in John Nurick (ed), *Mandate to Govern: A Handbook for the Next Australian Government*, AIPP, Perth, 1987, pp. 113-4.
[90] See Ken Baker, 'A Poverty of Culture', *IPA Review*, Vol. 49 No. 2, 1996, p.8.

all of which are consistent with the anti-public character of their philosophy. The most common policy prescription for both tertiary and secondary education is that the limit upon the ability of state schools and universities to charge fees be removed (that is, that fees be deregulated) and that 'vouchers' be introduced. Under the movement's voucher regime, governments would abolish the direct funding of schools and instead fund individual students (or their parents) through 'vouchers' to the value of a certain amount that could be then redeemed at any school or university of the student's choice for educational 'services' rendered. Because schools and universities would be free to set their own fee levels, a market for education is created, and, according to radical neo-liberal theory, schools and universities will be forced to respond to the preferences of individuals in order to survive. In the imagination of the movement, this has the added advantage of removing education from the control of state subsidised special interests and new class bureaucrats and unions. It also effectively destroys the distinction between public and private education, as all institutions compete for government funded students, and, in some formulations, for extra government funding.[91]

Industrial relations holds a special place in the collective consciousness of the radical neo-liberal movement. As will be discussed in later chapters it was their industrial relations policies proposals that catapulted the radical neo-liberal movement to national attention. The system of centralised arbitration which was embedded within apparatuses of the state in the early twentieth century, has been the movement's primary target. This system, according to the radical neo-liberals, has produced an 'Industrial Relations Club' consisting of unions, employers, industrial commission lawyers and bureaucrats, all of whom have an interest in maintaining

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[91] See for example, Wolfgang Kasper, Richard Blandy, John Freebairn, Douglas Hocking and Robert O'Neil, *Australia at the Crossroads: Our Choices to the Year 2000*, Harcourt Brace Jovanovich, Sydney, pp. 244-5; Tony Rutherford, 'Democracy, Markets and Australian Schools', pp. 151-159; Mark Harrison, *A Private Education for All*.

the status quo.[92] Wage increases and award conditions are based not upon sustainable market principles, but on deals between these 'special interests'. This leads to unemployment and inhibits individuals from entering into their own voluntary employment agreements — thus infringing individual liberty. The entrenched power of trade unions infringes both the liberty of trade union members to dissent to the actions of their own unions and the liberty of employers to be free from trade union coercion. The radical neo-liberal solution is to abolish to AIRC and to deregulate the process of wage bargaining so that common-law individual contracts between employer and employee become the norm. The recognition of trade unions as official partners in the bargaining process is to be removed, and the rights of employers to take action against unions under the law increased.

What the policy proposals of the radical neo-liberal movement amount to is a challenge to the traditional role of government in Australia as it has developed in the twentieth century. The aim has been to dismantle the Australian welfare state, affording it a negative rather than positive role on broad economic issues. Although positioning itself as democratic, the movement has had an ambiguous relationship with democracy. On the one hand democracy and liberalism are synonymous in the eyes of neo-liberal activists. Following Milton Friedman, they believe that concentrations of economic power — in the hands of the state — will lead to concentrations of political power that work against democracy. Public institutions such as education and health systems are undemocratic because they impose particular health and educational regimes upon individuals. Radical neo-liberals point to the international trend towards more neo-liberal regimes as evidence of an increase in freedoms world-wide, and thus an increase in democracy.

Yet, democratic governance, as it is practiced in many western nations, comes in for harsh criticism from neo-liberals, particularly those influenced by the public choice

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[92] See Gerard Henderson, 'The Industrial Relations Club', *Quadrant*, September 1983, pp. 21-29; P. P. McGuinness, *The Case Against the Arbitration Commission*, Centre for Independent Studies, St Leonards, 1985, pp. 13-18.

tradition. There is a tendency within Public Choice theory to argue that democratic structures do not produce 'correct' outcomes — that is deficit budgets and a 'rational' level of government expenditure. In radical neo-liberal rhetoric, this kind of criticism is usually levelled at the welfare state, but it is clearly a problem for any society that does not conform to the movement's utopian model. Furthermore, it is clear that democracy has not delivered the radical neo-liberal utopia, despite the election of a number of neo-liberal governments in Australia and internationally. Indeed, after the defeat of the Coalition's *Fightback!* package at the 1993 elections, Michael James argued that neo-liberal parties should not put such policies to the public at election time, but should instead wait until elected before announcing a winding back of the welfare state and then demonstrate the virtues of neo-liberalism by implementing it.[93]

Democracy, for the movement, is the expression of individual choices and preferences through market mechanisms. This can only occur under a political system in which the functions of government are limited to maintaining the rule of law and 'rectifying market failure'.[94] According to movement activist, Tony Rutherford, such a system is the best guarantee of accountability, which he views as a centrepiece of democracy.[95] Ultimately, the radical neo-liberal conception of democracy is simplistic, utopian and inconsistent. Clearly, they value economic liberty over political liberty.

Looking beyond the national economy, Australian radical neo-liberal activists have given strong support to the idea of increasingly 'free' global trade. This has meant advocating not only the reductions of tariff barriers but also those non-tariff barriers to trade outlined in the General Agreement on Trade and Tariffs (GATT), such as labour laws, environmental regulations and other regulations affecting economic

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[93] Michael James, 'Lessons of the *Fightback!* Strategy', *Policy*, Winter 1993, p. 56.
[94] Michael James, 'Economic Rationalism and the Liberal Tradition', *Policy*, Spring 1991, p. 2.
[95] Tony Rutherford, 'Democracy, Markets and Australian Schools', pp. 151-159.

transactions.[96] Generally, such support has come in the form of countering the critics of global free trade. Robert Skeffington, for example, while Assistant Director of the National Farmers' Federation, attacked those advocates of 'social clauses' or social tariffs in international trade agreements, arguing that such interferences with market forces often end up damaging those workers they are designed to protect.[97]

Radical neo-liberalism should be seen as a fundamentalist creed, in the sense that it is doubtful that advocates of it would be convinced by any amount of evidence that its policies had failed.[98] In response to criticisms of neo-liberal policies in action (whether in Australia, Britain or New Zealand), movement activists have usually responded that such policies have not been fully or properly implemented, or that only once the radical neo-liberal utopia has been realised, can such policies be judged without market 'distortions' created by interventionist governments. Such critics are also often dismissed as either self-interested, anachronistic romantics or as fearful of competition. It is also a utopian ideology; and it this which helps to explain its grip upon its supporters. The concept of utopia is derived from the Greek words for 'no place' and 'the good place'; both of which are appropriate descriptions of how neo-liberal ideology functions as an ideology. Radical neo-liberalism postulates 'the good place' — the radical neo-liberal society based upon a transfer of power and responsibility from the state to the market — but it is also 'no place', for there is no clear end point to such a process of winding back the welfare state. Radical neo-liberalism demonstrates a profound ignorance regarding the necessary role of the state in maintaining, shaping, developing and revolutionising the capitalist economy. While there *has* been debate and disagreement within the movement, on questions of fundamental principle, there has been consistent

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[96] See for example, Keith Hughes, 'Schools' Brief — GATT and the Uruguay Round: A Future for Free Trade?', *Policy*, Winter 1992, pp. 58-60. For an early example of movement activists opposing 'non-tariff barriers to trade', see John Nurick (ed.), *Mandate to Govern*, p. 139.
[97] Robert Skeffington, 'When Trade and Labour Standards Collide', *Policy*, Winter 1995, pp. 45-47.
[98] A similar point is made by Robert Manne, although Manne describes it as 'ideological': Robert Manne, 'The Future of Conservatism', *Quadrant*, February 1992, pp. 51-52.

agreement. And on such issues, little evidence is required by radical neo-liberals to prove their arguments to each other.

The 'Markets, Morals and Civil Society Project'

As stated in the Introduction, although the defining feature of the radical neo-liberal movement has been its 'libertarian' economic philosophy, it has also tended to be profoundly conservative on social and moral issues. For example, movement activists have valorised the traditional nuclear family structure against what are viewed as its feminist and new class critics. Sex education in schools has been criticised. 'Politically correct' curricula have been consistently attacked and the teaching of conservative values in schools has been called for. As shall be outlined in Chapter Three, the conservative character of much of the movement, combined with the movement's hostility to the 'new class', provided the basis for an alliance with conservative intellectuals such as Robert Manne and B. A. Santamaria, who did not, however, share the movement's economic philosophy.

While facilitating the development of a powerful right-wing intellectual force during the 1980s, by the 1990s these dynamics created a number of problems for the movement. First, the movement had to reconcile the obvious contradiction between those movement activists who were socially and morally conservative and those who were libertarian on most issues.[99] Second, and as shall be discussed in Chapter Three, by the 1990s critics of the movement from the Left and the conservative Right, charged that radical neo-liberalism was hostile to notions of community and to traditional social structures valued by conservatives.

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[99] Andrew Hay for example is reported to be liberal on social issues and believes in the woman's right to choose regarding abortion, see Mike Steketee, 'The Face of a Future Liberal Party Leader?', *Sydney Morning Herald*, 6th May, 1989, p. 13.

It was from the need to salvage radical neo-liberalism from such critics, and to resolve such problems, that what I shall call the 'Markets, Morals and Civil Society Project' of the radical neo-liberal movement was born. Although never articulated in a comprehensive, sustained and coherent argument, three central features of the Markets and Morals and Civil Society project can be identified.

First, civil society underpins a market society, and is often the best and most appropriate place for providing services, such as welfare, that are presently provided by the state. Andrew Norton writes:

> many sociologists have shown how the small institutions of civil society (particularly the family) are the major forces integrating individuals into society, and that state institutions can be remote and alienating. This is one reason why many people, including economic rationalists, favour handing over functions currently performed by the state to private organisations able to provide more personal and flexible services.[100]

Proposals for the transfer of responsibility for welfare provision from the public to the private sector[101] are in line with this argument. Under such proposals, private charities, and the 'non-market' relationships of family and community which form part of civil society, would be given a greater role in the provision of welfare. Doing so would circumvent the 'we know best paternalism of the welfare state'[102] and would assist in fostering individual responsibility, rather than 'welfare dependency'.

Second, the 'Markets, Morals and Civil Society Project' holds that market forces are not antithetical to virtuous behaviour but are, in fact, inherently moral and promote virtuous behaviour. For example, in response to calls for business ethics and codes

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[100] Andrew Norton, 'Markets and Civil Society (Review of Michael Pusey, *Economic Rationalism in Canberra*)', *IPA Review*, Vol. 45, No. 2, 1992, p. 62.
[101] See John Goodman and Alistair Nicholls, *Voluntary Welfare: A Greater Role for Private Charities*; James Cox, *Private Welfare*.
[102] Ken Baker, 'A Poverty of Culture', p. 8.

of conduct, the AIPP publication *Clear Thinking* argues that 'as more and more obligations are imposed upon business ... we might overlook the considerable moral content of the free market and its institutions'.[103] This argument is fleshed out by Michael James:

> Market morality expresses the elementary virtues that make trustworthiness, like honesty, fairness, truth-telling, responsibility, reliability and promptness. The market cannot work unless its participants display these virtues, at least to some degree.[104]

Third, it is collectivism and collectivist programmes that undermine civil society, morality and traditional social structures such as the family. In contrast, radical neo-liberals argue that market mechanisms are one of the best ways of bolstering, supporting and sustaining such institutions and values. Norton, for example, argues that the 'market mentality' does not undermine communal ties and relationships, but may actually serve to strengthen them:

> Competition policy is designed to put added pressure on producers. What market critics overlook is that this is fundamentally a pressure to *cooperate*. A criticism of centrally planned economies is that they lack incentives to cooperate [105]

Unlike communist societies, argue radical neo-liberals, the dynamics of the free-market strengthen civil society.

Most importantly, however, the 'Markets, Morals and Civil Society Project' argues that a just family policy can only be brought about by the application of radical neo-liberal principles. Barry Maley, for example, speaks of marriage in a similar way to

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[103] Anon., 'Ethics, Business and the State', *Clear Thinking*, Sept 1990, No.41.
[104] Michael James, 'Markets and Morality', p. 163.
[105] Andrew Norton, 'The Market Mentality', p. 53.

that which other movement activists speak about market relationships: that is, as voluntary and contractual. Although divorce should remain available as a right, he argues, the marital contract should be presumed to be permanent, and penalties should apply for breaking the contract. This would, he believes, encourage more responsible behaviour amongst married couples.[106] In contrast to this, Maley says the current approach of the welfare state to marriage, 'encourages irresponsibility, injustice, welfare dependency and waste'.[107]

Tapper, in a study commissioned for the AIPP, argues in a similar vein that incentives built into the family policy of the welfare state serve to encourage family breakdown. It is the welfare state, not markets or other factors, that is the primary reason for family breakdown.[108] The conclusion reached by many radical neo-liberal writers on the subject is that in the interests of fairness, just family policy and 'horizontal equity', the state should implement a different taxation policy and not 'favour' sole parent families — which of course supports the radical neo-liberal tendency towards a flatter system of taxation.[109]

So, from these points at least, it is clear that the radical neo-liberals have managed to put forward arguments to the effect that it is the welfare state, not the market, which puts pressure upon and unfairly disadvantages traditional families. It is through the application of radical neo-liberal principles that this situation can be alleviated and made more just. The 'Markets, Morals and Civil Society Project' thus proposes that there is an affinity between radical neo-liberalism and conservatism: that the application of radical neo-liberal principles serves to strengthen and preserve those institutions and values prized by conservatives. It also issues a call to conservatives that they share, with the movement, a common enemy in the form of the welfare

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[106] Barry Maley, *Marriage, Divorce and Family Justice*, Centre for Independent Studies, St. Leonards, 1993.

[107] *Ibid.*, p. 77.

[108] Alan Tapper, *The Family in the Welfare State*, Allen and Unwin, North Sydney, 1990, see especially p. 263.

[109] See James Cox, 'Does the Family Need a Family Policy?', *Policy*, Spring 1993, pp. 10-14; Barry Maley, *Marriage, Divorce and Family Justice*, and Alan Tapper, *The Family in the Welfare State*.

state. The language of 'civil society' and 'co-operation' is quite a way from the sorts of things radical neo-liberals were saying in the 1980s, such as John Stone's comments that, 'To become truly competitive you have to accept a 'culture' of competition for your whole society'.[110]

The 'Markets, Morals and Civil Society Project' informed a number of movement publications, articles, and the CIS research programmes 'Taking Children Seriously' and 'Social Welfare Research Program'. More obvious and prevalent in the output of the CIS than other neo-liberal think tanks, it has been, nonetheless a feature of IPA and, to a lesser extent, the AIPP also.

The 'Markets, Morals and Civil Society Project' has not received uniform acceptance within the radical neo-liberal movement, and those engaged in the project are not in agreement upon all points. These disagreements stem from philosophical differences as well as from differences over the movement's priorities. The different priorities of those involved in the radical neo-liberal movement are evident from the fact that whereas the CIS, IPA and to a lesser extent, the AIPP have all given various amounts of commitment to the 'Markets, Morals and Civil Society Project', the Tasman Institute has not engaged with the issue at all, preferring to concentrate on areas of policy involving readily identifiable markets, such as property rights and the environment. It is clear that there are those within the movement who believe that affecting radical change to economic policy is the most pressing issue and that it should be pursued over and above other issues philosophy or social policy. Indeed it was largely over what he perceived to be the IPA's over commitment to such social issues at the expense of economic issues that Des Moore left the organization in 1996 to found the Institute for Private Enterprise.[111]

There are philosophical disagreements within the project and they are an expression of the, mostly latent, differences between the libertarian and conservative elements

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[110] John Stone, 'How to Achieve Full Employment', p.30.
[111] Des Moore, interview with the author.

of the radical neo-liberal movement. Family policy is the point around which these differences revolve. Whilst all contributors to the 'Markets, Morals and Civil Society Project' acknowledge the intrinsic importance of the family, a number leave open the possibility of different types of family structures being desirable. Maley, for example, stresses the importance of family 'autonomy', meaning giving parents the freedom to choose how they will arrange and organise their own families. According to Maley, the state does not have a role in prescribing how a family should live. Furthermore, Cox echoes conservative critics in arguing that it is the generous treatment by the state of sole-parent families which constitutes:

> at least some of the causes of some of the social problems that so distress us in Australia and New Zealand, such as poverty, family break-up, domestic violence and poor school performance by many children.[112]

Andrew Norton, however, is less sure:

> To avert Australia falling into a social recession, the policy focus should fall upon unemployment. This is not to dismiss the worth of carefully examining family policy ... However, the effects of policy changes in these areas are likely to be at the margins and in the long term.[113]

Both Norton and Maley are silent on the issue of same sex relationships.

These differences are not major, but they are worth noting because of the insights they give into the character of the movement. Despite such differences, however, and despite the occasional glimpse of social libertarianism, the 'Markets, Morals and Civil Society Project' marks the theoretical amalgamation of conservatism with neo-

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[112] James Cox, 'Does the Family Need a Policy?', p.10.
[113] Andrew Norton, 'Reviewing Australia: The Modes and Morals of Australia in the '90s' in David Pepenoe, Andrew Norton and Barry Maley, *Shaping the Social Virtues*, Centre for Independent Studies, St. Leonards, 1994, p. 71.

liberalism. And for many conservatives — those who profess the shallow reactionary nostalgia typical of much conservative thinking in Australia — this has been enough to sustain their alliance with the radical neo-liberal movement. Ultimately, the 'Markets, Morals and Civil Society Project' has helped to cement the conservative commitment to the state project of neo-liberalism by providing a theoretical reconciliation between the two philosophies. It has been able to leap-frog the more sophisticated attempts by social democratic conservatives to plot a middle way for the Right between the warring groups.[114]

Conclusion

Radical neo-liberalism is an ideology in the sense that is masks the fundamental contradictions of neo-liberal capitalism. There are three aspects to this. First, radical neo-liberalism reifies capitalist markets. It assumes that market exchanges produce mutually beneficial outcomes, thereby ignoring the power imbalance inherent in capitalist market relationships. Second, radical neo-liberal ideology completely misunderstands the nature of the capitalist state as a manager of capitalism. The state has been integral to the development of capitalism and is necessary for capitalism's continued reproduction. The utopia of radical neo-liberal ideology, in which a minimal state confines its activities to administering justice, protecting citizens from external threat and providing a basic legal framework for the operation of markets is an unlikely model for a capitalist society. Third, the radical neo-liberals are desperate to deny that neo-liberalism in practice is inimical to many of the traditions and values they hold dear due to their conservative moral dispositions. The moral conservatism of many movement activists creates a fundamental contradiction for the radical neo-liberals. The next chapter will explore the consequences of this contradiction for the alliance between the radical neo-liberal movement and conservative intellectuals such as Robert Manne and John Carroll. It will also

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[114] For an example of conservatives defending social democracy see Martin Krygier, 'In Praise of Conservative-Liberal Social Democracy', *Quadrant*, Vol. 36, No. 5, 1992, pp. 12-23.

examine the organisational forms through which radical neo-liberal ideology was articulated and disseminated.

Chapter 3

Radical Neo-liberalism as an Elite Social Movement

This chapter examines the central, non-intellectual features that provided coherence to the radical neo-liberal movement. It examines the key organisational and tactical features of the movement and relates them to its ideology and class location. Given that the radical neo-liberals were part of a broader right-wing political culture, the dynamics of this relationship will be analysed, with a particular focus on the movement's relationship with conservative intellectuals.

In examining the hegemonic impact of an elite social movement, it is not enough to consider its core philosophy. Of critical importance also is an examination of what allows an elite social movement to carry forth its philosophy into the broader political arena. Key features of any movement are its ability to sustain and build its activities over time, as well as the techniques by which its philosophies are promoted.

In the case of the radical neo-liberal movement, it is think tanks and similar organisations which have been crucial to the movement's success and longevity. Although the movement is not reducible to its think tanks — movement activists have operated outside of official think tank activity — it is unlikely that, without them, a disparate group of individuals with radical neo-liberal dispositions would have cohered into a movement. Think tanks are the primary 'social movement organisation' and 'mobilising structure' that facilitate the collective action of the movement. They provide the organisational back bone of the radical neo-liberal movement. Such organisations have provided space for the articulation and

containment of dissent and alternative points of view within the movement. It is primarily through such organisations that radical neo-liberal philosophy has been sustained and nurtured. Radical neo-liberal think tanks also provide a vehicle for the introduction of new activists into the movement. One section of this chapter therefore focuses on radical neo-liberal think tanks and the tactics they have employed to further the movement's aims.

Also crucial to the emergence, longevity and success of the radical neo-liberal movement has been its ability to position itself within a broader right-wing political culture. Of particular importance within this culture is conservatism. As discussed in Chapter Two, radical neo-liberalism itself has often had a conservative character. However the radical neo-liberal project has also offended the sensibilities of many traditional Australian conservative intellectuals. Despite this, during the late 1970s and early 1980s, the movement enjoyed an informal alliance with these conservative intellectuals. Therefore, after discussing the movement's think tanks and tactics, this chapter will: examine the relationship between the radical neo-liberals and conservatives; suggest ways in which this relationship conditioned the philosophical character of the movement; and look at the ways in which, during the 1990s, the movement engaged in open conflict with conservatives and became hegemonic on the Australian Right.

In order to give context for this discussion, a brief historical overview of the radical neo-liberal movement will first be provided.

The radical neo-liberal movement: an historical overview

It is always difficult to identify the precise beginning of something as diffuse as a social movement. 1976 has been chosen here because it is the year in which the individuals who would form the basis of the movement began to come together in a

purposeful fashion to further radical neo-liberal ideology and begin their assault upon social justice and the welfare state. In this year, maths teacher Greg Lindsay, founded the Centre for Independent Studies (CIS), which initially existed on a shoestring budget and was run from his backyard shed. By the end of the decade the CIS had obtained a five-year funding commitment from Hugh Morgan and five other major capitalists which enabled the Centre to establish a permanent office in North Sydney , above the retailer Uncle Pete's Toys, and employ Lindsay as its first full-time Director. Also in 1976, British radical neo-liberal Antony Fisher visited Australia, twice, at the behest of a group of capitalists and economists intent on forming an Australian organisation similar to Fisher's Institute of Economic Affairs, a British radical neo-liberal think tank. Although no think tank emerged directly out of this group, the individuals involved in bringing Fisher to Australia were central to the establishment and funding of other radical neo-liberal organisations.

Prior to this, radical neo-liberal ideas percolated through Australia via a number of disparate individuals. Milton Friedman visited Australia in 1975, extolling the virtues of radical neo-liberalism and preaching the evils of collectivism, Keynesianism and 'economic planning'. His trip was sponsored by Sydney stockbroker, Maurice Newman, who would later become a key movement figure. During the same year, the Workers' Party — a precursor to the radical neo-liberal movement with an ultra-libertarian, populist agenda — was founded by Bob Howard and advertising executive John Singleton. Howard also had an extensive library of neo-liberal and libertarian publications, and some later movement activists claim this library exposed them to such ideas.

As discussed in Chapter Four, all of this occurred during a period of economic downturn. In Australia, the phenomenon of stagflation provided the context for claims that the welfare state and Keynesian economic policies had been proven failures. Most capitalists saw the disciplining of labour and a reduction in state spending as the solution. Others feared the crisis was symptomatic of a creeping

socialism as evidenced by trade union militancy, the rise of radical social movements and, from 1972-1975, the left-wing elements of the Whitlam government.

In the late 1970s and into the early 1980s a host of small organisations such as Centre 2000, the Adam Smith Club, The Society for Individual Liberty, the Society for Austrian Economics, Taxpayers United and Australians for Commonsense, Freedom and Responsibility actively promoted radical neo-liberal ideas, and agitated for political change. These were important in bringing radical neo-liberal activists into contact with one another and in forming the bonds of a fledgling movement. What solidified this process however was the establishment and, in the case of the IPA, the reinvigoration of, the larger think tanks. In addition to the CIS, the most important of these groups were: the AIPP, founded in 1983 by former Dry Liberal MP, John Hyde; the Crossroads Group, which met secretly from 1980-1986 and brought together the core of movement activists; and the IPA which, particularly after Rod Kemp's appointment as Director in 1982, moved from an anti-communist Keynesian position to a conservative, radical neo-liberal one.

At this time, the radical neo-liberal movement was still in an emergent stage of existence. As discussed in Chapter Six, occasional coverage of the movement's activities, publications and organisations appeared in the mainstream commercial media, such coverage being particularly favourable and frequent in the *Australian Financial Review* under the editorship of Paddy McGuinness. In addition to its proselytising activities, during this period the movement spent much time attracting support and patronage from capitalists, academics and some politicians.

The election of the Hawke Labor government in 1983 provided a window of opportunity for the movement. Labor's implementation of some neo-liberal policies — most notably the floating of the currency and the deregulation of the finance sector — lent legitimacy to neo-liberal ideas and opened up the context for

speculation about economic directions for Australia. At the same time, the close relationship between Labor and the trade union movement, which was manifested in the Accord, allowed the movement's accusations regarding the power of organised 'special interests' and the nexus between 'big government' and 'big unions' under a welfare state regime, to gain some traction. Added to this was the relatively expansive conception of rights underpinning Labor's social policy which offended the conservative disposition of much of the movement. But the issue that catapulted the radical neo-liberal movement to public attention was the Robe River dispute in 1986, in which Peko Wallsend, owner of the iron ore operation, sacked its entire workforce, ignoring the orders of the WA Industrial Commission. Specifically, it was the revelation during the dispute, late in August 1986, that Peko CEO, Charles Copeman, was a member of the H. R. Nicholls Society, a secretive movement organisation formed earlier that year that turned the movement into a topic of public debate. A flurry of media interest in the 'new right' — the common term for the movement — ensued. This gave the movement a profile it would not otherwise have had.

The rest of the 1980s was a period of enormous activity for the radical neo-liberal movement, as it mounted a sustained assault upon the institutions of the post-war consensus, organised labour, notions of social justice, and those who supported them. It celebrated, and was involved in, other capitalist offensives against trade unions and the arbitration system, such as the Dollar Sweets, Mudginberri and SEQEB disputes. Movement activists were involved in attempts to shift the Coalition further to the neo-liberal Right. The National Priorities Project (NPP) was formed and published a series of large books setting out radical neo-liberal alternatives for taxation and government spending. In 1987 Michael Porter from the Centre of Policy Studies led an attempt to set up a private, fee-charging university. The movement continued to attack the welfare state and 'economic planning'. Movement publications railed against the 'industrial relations club' and 'inefficiencies' in the economy, promoting the virtues of deregulation, privatisation

and marketisation as alternatives. In this they were given impetus by the neo-liberal agendas of Thatcher in Britain, Reagan in the United States and Lange in New Zealand. Culturally, the radical neo-liberals attacked the Bicentennial Authority, the 'culture of welfare dependency', the decline of conservative values in public schools, social movements and other manifestations of the perceived 'new class' dominance of cultural institutions. Those radical neo-liberal groups that survived the 1980s emerged with exponentially larger budgets than a decade earlier, which gave them a stable basis for continuing their activities.

By the 1990s the terrain of political debate had changed. Deregulation and privatisation were high on the agendas of both the Labor government and the Coalition opposition. Within the capitalist class, the vicious debates over tariffs and industrial relations had largely subsided. The ACTU was moving towards support of labour market deregulation in the form of enterprise bargaining. Neo-liberalism had become elite orthodoxy. Internationally the collapse of communism in Eastern Europe and the Soviet Union heralded the end of the cold war. In this new climate, the radical neo-liberals changed their focus as well. The AIPP merged with the IPA in 1991, significantly strengthening the latter's financial position. Michael Porter left CoPS to found the Tasman Institute — a radical neo-liberal think tank — and Tasman Asia Pacific, a 'do-tank' which offered consultancies to states wishing to implement radical neo-liberal agendas of their own. While continuing their assault upon the remnant institutions of the post-war consensus, other issues took on a new importance for the movement. In order to counter the influence of the environment movement in setting the policy agenda, the radical neo-liberals attacked environmentalists' credibility and argued that natural resources were best preserved through the use of market mechanisms. When the informal alliance between radical neo-liberals and conservative intellectuals, such as Robert Manne and John Carroll, began to crack in the early 1990s, the morality of markets became a new focus for the movement. With the High Court's 1992 Mabo decision and the Labor government's subsequent Native Title legislation in 1993 a new terrain for the

radical neo-liberals opened up: the legitimacy of indigenous claims to land and the accuracy of the written history of indigenous Australians. Pubic education came under assault as well. A new rhetorical device also entered the radical neo-liberal lexicon: 'political correctness'. This provided a convenient catch-all for undermining the movement's enemies.

The election of the Howard Coalition government in 1996 marked a new era for the radical neo-liberal movement. No longer were movement activists outsiders looking in. Some movement activists, such as David and Rod Kemp, Peter Costello and Ian MacLachlan were now Cabinet members. Movement activist, Bob Officer, headed up the government's National Commission of Audit and David Trebeck was contracted to devise a plan for combating the Maritime Union of Australia. Furthermore, the government shared some of the movement's concerns, particularly with regard to social, cultural and industrial issues. The Coalition government also embraced some of the movement's putative language such as 'political correctness', the 'guilt industry' and 'special interests'. Once this occurred the movement gained added legitimacy in its assault upon social justice and the Left in general. What was once a disparate group of elites whose ideology occupied the fringes of Australian politics had, by 1996, become an established part of the political landscape with the ear of a sympathetic government.

Think tanks: the organisational backbone of the radical neo-liberal movement

Central to the emergence and longevity of the radical neo-liberal movement has been a series of 'think tanks' and forums. Chief among these are the Institute of Public Affairs (IPA), the Centre for Independent Studies (CIS), the Australian Institute for Public Policy (AIPP), the Tasman Institute, the H. R. Nicholls Society, The Centre of Policy Studies (CoPS), Centre 2000, Crossroads, the National Priorities Project (NPP) and the Adam Smith Club. Such groups constitute the 'Social Movement

Organisations' (SMO's) and 'mobilising structures' of the radical neo-liberal movement. They are sites of organised and activist intellectual activity, underpinned by a commitment to radical neo-liberalism (and, in some cases, to conservatism also).

The radical neo-liberal movement is not reducible to its think tanks. Movement activists sometimes operate independently of the movement's mobilising structures. The importance of think tanks, however, is they provide the radical neo-liberal movement with its organisational backbone. They are forums for the articulation of radical neo-liberal ideas as well as centres for the dissemination of radical neo-liberal ideas to a broader audience. It was largely through the focus and organisational support afforded by these think tanks that the process described by Kemp whereby 'comparatively isolated intellectuals became linked in a nationwide network challenging traditional conservative centres of power'[1] was able to occur. Think tanks bring like-minded people together to undertake collective action in the service of a radical neo-liberal agenda. However, the form of collective action undertaken by the radical neo-liberal think tanks is different, in many respects, to that which might normally be associated with social movements. While radical neo-liberal movement activists have on occasion — as discussed in later chapters — engaged in militant direct action (a common form of social movement collective action), the form of collective action characteristically undertaken by movement think tanks is the seminar, the lecture, the edited publication, the research project, and the journal. As well as enabling the movement to intervene in public discourse, such collective action also benefits the movement by supporting and emboldening its participants. Charles Copeman, for example, reportedly claimed that the H. R. Nicholls Society meeting of 1986 provided him with the 'inspiration' to take on the unions in the Robe River dispute later in that year.[2]

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[1] David Kemp, 'Liberalism and Conservatism in Australia Since 1944', p. 340.
[2] Copeman quoted in Paul Kelly, *The End of Certainty: Power, Politics and Business in Australia*, 2nd edition, Allen and Unwin, St Leonards, 1994, p.261.

After securing a funding base, radical neo-liberal think tanks have been able to provide the movement with continuity. This has helped to sustain the movement over time. By providing a focus for radical neo-liberal ideas and activity, think tanks have also been able to draw new activists into the movement. Conscious efforts at such are evident, for example, in the IPA's organisation of regular lunchtime meetings for young business people, at which guests were encouraged 'to take an interest and get involved in public affairs'.[3]

While they are, to some degree, competitors — Greg Lindsay of the CIS says 'There's a small pot of resources apparently available to people in the think tank world and we all guard our patch'[4] — with their own areas of speciality, there is considerable knowledge sharing and overlap between radical neo-liberal groups. It is common, for example, for leading radical neo-liberal activists to publish with a variety of movement organisations, and movement activists will often attend functions organised by a variety of different movement organisations. There are also numerous examples of movement organisations assisting each other or working together — such as the IPA and the Tasman Institute's collaboration on Project Victoria; the CIS constitution providing the basis for the constitution of the AIPP and the visit of Professor Israel Kirzner to Australia in 1984 was co-sponsored by the CIS and CoPS.[5]

In the development of radical neo-liberal organisations in Australia, overseas think tanks have been particularly important. Radical neo-liberal organisations such as America's Heritage Foundation, Britain's Institute for Economic Affairs (IEA) and international networks such as the Mont Pelerin Society and the Atlas Foundation, served as examples for the Australian movement to emulate, and provided ongoing intellectual and organisational support to their Australian counter-parts. Mont

[3] Anon., 'Get involved, says Hugh Morgan', *IPA Review*, August-October, 1988, Vol. 42, No. 2, p. 63.
[4] Greg Lindsay, correspondence with the author.
[5] CIS, *CIS Annual Review 1984*, CIS, St. Leonards, 1984, p. 3.

Pelerin and Atlas, in particular, provided a focus for the growing international radical neo-liberal movement.[6] They were able to put Australian activists in contact with think tank activists in other countries, and provide first hand knowledge of how to establish successful neo-liberal think tanks in Australia. John Hyde, for example, borrowed heavily from the Atlas Foundation's *Guidelines and Recommendations for Starting an Institute*[7] — a handbook for setting up and maintaining a radical neo-liberal think tank — in establishing the AIPP. Indeed, Hyde describes this resource as a 'bible' among radical neo-liberal think tanks.[8] Furthermore, as noted earlier in this chapter, Antony Fisher, founder of both Atlas and the IEA was brought to Australia in 1976 by a group of radical neo-liberals in an attempt to draw upon his knowledge and establish an 'IEA-style'[9] think tank in Australia. Longer established and better funded radical neo-liberal think tanks in the USA and Britain have also provided their Australian cousins with tactical advice[10] as well as a stream of high profile international speakers promoting the radical neo-liberal message. Such close ties also allow the regular review of overseas radical neo-liberal literature and the reproduction of articles and speeches by overseas radical neo-liberals in Australian think tank publications. Because of this, the ideas of Hayek, Public Choice theory, Milton Friedman and developments in neo-liberal theory and neo-liberal policy alternatives have been disseminated in Australia. This has given radical neo-liberal ideas an audience beyond the narrow forums and journals of academic economists.

Australian radical neo-liberal movement organisations

[6] See Richard Cockett, *Thinking the Unthinkable*, pp. 306-308.
[7] The current version of this is accessible at the Atlas Foundation's website: http://www.atlasusa.org/toolkit/starterkit.php?refer=toolkit, at 20th March 2004.
[8] John Hyde, interview with the author.
[9] Andrew Norton, 'The CIS at Twenty: Greg Lindsay Talks to Andrew Norton', *Policy*, Winter 1996, pp. 16-21.
[10] For one such example of organisational knowledge exchange see Edward Feulner, 'Ideas, Think-Tanks and Governments: Away from the Power Elite, Back to the People. *Quadrant*, November 1985, pp. 22-26.

Having outlined the general features of radical neo-liberal think tanks and their relationship to the radical neo-liberal movement, the main think tanks will now, briefly, be discussed. This is intended both as an introduction to the main players within the movement as well as a chance to highlight the differences in focus, history and structure between the various movement organisations.

The Institute of Public Affairs (IPA)

Founded in Melbourne in 1943, the Institute of Public Affairs (IPA) is the oldest of Australia's radical neo-liberal think tanks. The IPA had its genesis in the vacuum created within the non-Labor forces in Australian politics by the disintegration of the United Australia Party and the desire, within sections of the capitalist class, to secure the hegemony of capitalism upon the cessation of the Second World War. As in other countries, during the war the Australian government took a central role in planning and directing the national economy. The capitalist class was keen to see that this was not used as an excuse for the extension of government regulation of the economy after the war. It was scared about the possibility of moves toward socialism in Australia, but also about the legitimacy of big business and the capitalist system in general.

Given the demands of the working class and organised labour for a share in the benefits of capitalist growth after the hardships of the war years, the IPA, during its early years, strategically adopted a position that was broadly supportive of Keynesian economic planning, while at the same time rejecting any moves towards socialism. In adopting such a position, the IPA deliberately repudiated *laissez faire* as a guiding principle of good governance. Thus, from its inception until the mid-to-late 1970s, the ideology of the IPA could be characterised as anti-socialist Keynesianism.

From the late 1970s onwards, and accelerating with the appointment of Rod Kemp as Director in 1982, the IPA shed its Keynesian past and embraced radical neo-liberalism. This has been combined with a conservative moral philosophy.

As a radical neo-liberal think tank the IPA has produced a periodical, *IPA Review* (which, from 1985, has been sold in newsagents as well as through subscription),[11] a regular summary of economic and social indicators , *Facts*, as well as more detailed *Backgrounders*, *Policy Issues*, *Current Issues*, *Education Papers*, *Economic Papers* and a host of other book and monograph-length publications. In addition, the IPA has organised regular forums, seminars and lectures — some private, but many open to the general public.

The IPA was originally called the Institute of Public Affairs (Victoria) in order to distinguish itself from the Institute of Public Affairs (NSW). Based in Sydney, the IPA (NSW) was unaffiliated with its Victorian namesake and, according to Marian Simms, was, from its inception, more opposed to government intervention in the economy.[12] In the 1980s, under the directorship of Gerard Henderson, the IPA (NSW) advocated a radical neo-liberal agenda. In 1989 the IPA (NSW) was reborn as the Sydney Institute, under Henderson's directorship.[13] This change in organisation also heralded a change in philosophy, with the Sydney Institute being much more a forum for debate, and less a vehicle for radical neo-liberalism, than its predecessor.

The Australian Lecture Foundation

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[11] Michael Bertram, *A History of the Institute of Public Affairs*, MA Thesis, August 1989, Noel Butlin Archives Centre (hereafter NBAC), N136/111, p. 132.

[12] Marian Simms, *A Liberal Nation: The Liberal Party and Australian Politics*, Hale and Iremonger, Sydney, 1982, pp. 18-19.

[13] Gerard Henderson, 'Comment on Stone', *Australian Journal of Political Science*, Vol. 26, 1991, pp. 557-558.

The Australian Lecture Foundation was a small group of businessmen and academics who brought conservative neo-liberal speakers to Australia during the 1980s. The foundation underwrote the costs (which could include a fee for the speaker,[14] first class air travel, accommodation and meals) and organised the itinerary for the visiting speaker, as well as making the speaker available for movement organisation functions.[15] Distribution and publication of the speakers' books in Australia was also organised by the Foundation.[16] The Foundation facilitated the visit to Australia of Norman Podhoretz (1981), Ken Minogue (1983), Roger Scruton (1984), Rick Stroup (1984).[17]

The Centre for Independent Studies (CIS)

Founded in 1976 by high school maths teacher, Greg Lindsay, the CIS has become one of the three largest radical neo-liberal organisations in Australia, alongside the IPA and the Tasman Institute. In its philosophical outlook, the CIS owes its debt, most obviously, to the work of Hayek and Public Choice analysis. It has maintained a strong association with the Mont Pelerin Society, hosting its annual meeting in 1985. Diane Stone argues that:

> More than any other organisation outside of the university system, the
> CIS introduced the ideas of Milton Friedman, Friederich von Hayek and
> the public choice economists to Australia.[18]

In 1986, the CIS established a sister organisation in New Zealand.[19]

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[14] For example, the fee for Norman Podhoretz in 1981 was $10,000. See 'Australian Lecture Foundation — Visit of Norman Podhoretz' NBAC N136/95.

[15] *Ibid*.

[16] *Ibid*.

[17] Christopher Jay, 'New Right Policy Moves Out of Politicians' Hands', *Australian Financial Review*, 11th February, 1986, p. 16.

[18] Diane Stone, Think Tanks: Independent Policy Research Institutes in the United States, the United Kingdom and Australia, PhD Thesis, ANU, 1993, p. 204.

[19] CIS, *CIS Annual Review 1986-87*, CIS, St. Leonards, 1987, p. 14.

The flagship publication of the CIS, the periodical *Policy* (1989-), evolved from the *Newsletter (Centre for Independent Studies)* (1977-84) and the *CIS Policy Report* (1985-1989). Upon the change from *Policy Report* to *Policy* in 1989, the journal became much broader in its scope, moving from a predominantly economic policy focussed journal — exploring issues of privatisation and deregulation — to dealing with broader social and cultural issues as well. Predominantly, such issues have been framed in a manner consistent with a conservative as well as a radical neo-liberal philosophy. In addition to this the CIS has produced a huge range of books and monographs. It also holds regular 'lectures' — such as the annual John Bonython lecture and the Bert Kelly lecture series — at which radical neo-liberal themes are engaged with by invited speakers. More than any of the other movement organisations, the CIS concerns itself with the philosophical underpinnings of radical neo-liberal ideology It is not surprising therefore that the Markets, Morals and Civil Society project has had its most consistent articulation from the CIS.

Centre 2000

Founded in 1983, Centre 2000 is by far the most populist of the major movement organisations. It is unknown when the organisation folded but its magazine, *The Optimist* — which 'carried on' the work of the Adam Smith Club newsletter, *Optimism*[20] — was published at least until 1989. During this time, and in contrast to most other movement organisations, Centre 2000 focussed heavily upon publicising and supporting militant and grassroots manifestations of radical neo-liberal sentiment. Examples of this include *The Optimist*'s celebration of: the actions of industrial action by Doctors opposed to Medicare; 'Tax Freedom Day'; the prosecution of businessmen Frank Penhalluriack and Bob Wolstenholme for defying bans on weekend trading; and the 'Joh for PM' campaign.[21] *The Optimist* also

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[20] Anon., 'Adam Smith Club News', *The Optimist*, July/August 1986, p. 14
[21] Anon., 'Weekend Trader Out for Weekend', *The Optimist*, May-June 1985, p. 15; Anon., 'Tax Freedom Day Goes National', *The Optimist*, May-June 1985, p. 18; Anon., 'Trading on a "Fine"

printed a regular diary of upcoming movement activities — including those hosted by other think tanks.[22] Centre 2000 operated a bookshop in Sydney boasting 'over 500' radical neo-liberal titles:[23] unlike other major movement organisations, it produced little research of its own.

The H. R. Nicholls Society

Although not a think tank *per se*, the H. R. Nicholls Society holds an important place in the development of the radical neo-liberal movement. Formed in 1986, the H. R. Nicholls Society organises yearly or twice-yearly forums that act, in effect, as a gathering for the movement. Its primary concern is with industrial relations. Named after an early twentieth century editor of the *Hobart Mercury* whose claim for historical attention was an attack upon Justice Henry Bournes Higgins of the Conciliation and Arbitration Court, the Society is primarily concerned with the issue of industrial relations — specifically with the curtailment of union power; the encouragement of common law suits against trade unions; the advocacy of individual contracts between employer and employee; and the dismantling of the system of arbitration and wage fixation. The Society meets in secret: 'an "in club" affair so that we can discuss these matters without restraint'.[24]

The Crossroads Group

Crossroads was an initiative of Liberal Dry MPs John Hyde and Jim Carlton, and was a clandestine group that brought together about 40 radical neo-liberal activists with the specific aim of sharing ideas and planning ways of furthering the radical

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Weekend', *The Optimist*, September-October 1985, p. 17; Nadia Weiner, 'Editorial', *The Optimist*, January-February 1987, p. 3.

[22] See Anon., 'Freedom Agenda', *The Optimist*, January-February, 1987, inside back cover.

[23] Nadia Weiner quoted in Christopher Jay, 'Economic Think Tank is Growing Up', *Australian Financial Review*, 13th February, 1986, p. 16.

[24] From the letter of invitation to the inaugural meeting of the H. R. Nicholls Society, quoted in H. R. Nicholls Society, *Arbitration in Contempt: Proceedings of the Inaugural Seminar of the H. R. Nicholls Society Held in Melbourne, 28 February-2 March, 1986*, H. R. Nicholls Society, Melbourne, 1986, p. 317.

neo-liberal agenda. The name was derived from the then recently published movement manifesto *Australia at the Crossroads* written by movement activists Wolfgang Kasper, Richard Blandy, John Freebairn, Douglas Hocking and Robert O'Neil. Should the existence of the group have been publicly discovered, it was planned to explain it away as a talk-shop devoted to discussing the implications of Kasper et al's book. From its inception in early 1981 until 1986, the Crossroads Group met twice yearly.[25]

Crossroads should be regarded as an important development in the history of the radical neo-liberal movement. It brought together radical neo-liberals from academia, politics and business and facilitated dialogue between individuals from different movement organisations at a crucial time in the movement's development. It thus helped to cohere the movement. That it met secretly, and that its existence was deliberately hidden from the public, allowed activists to strategise and debate free from scrutiny.

The Australian Institute for Public Policy (AIPP)

Established in 1983 by former 'Dry' Liberal MP, John Hyde, and Bill Clough of Clough Engineering, one of the largest firms in Western Australia,[26] the Australian Institute for Public Policy (AIPP) promoted radical neo-liberal policies until its incorporation into the IPA in 1991. By this time its revenue had risen from $105,025 (in 1985) to $310,889 (in 1990).[27] During its existence, the Perth-based think tank published on a range of issues advocating radical neo-liberal economic policy changes, but also delving into social policy (inviting speakers with both conservative and libertarian viewpoints). These views were put forward through its regular

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[25] Information on Crossroads is from Jim Carlton, interview with author. Carlton says that the description of Crossroads by Paul Kelly in *The End of Certainty* is accurate. Kelly will therefore be used as a reliable source for discussions of Crossroads.

[26] John Hyde, interview with the author.

[27] See AIPP, *Clear Thinking*, No. 43, December 1990. The figure is estimated as higher by Hyde, who describes the 'about $400 000 of annual income' that the organisation took with it to the IPA in 1991 (John Hyde, interview with author).

publication for subscribers, *Clear Thinking*, as well as *Economic Witness*, each of the 53 editions of which gave detailed analysis of a single policy issue. In addition, the AIPP published numerous books. The most important of these were *Wages Wasteland* (1985) and *Mandate to Govern* (1987).[28] *Wages Wasteland* was one of the earliest collections of radical neo-liberal attacks upon the system of centralised arbitration and wage fixation, while *Mandate to Govern*, a joint initiative with the Australian Chamber of Commerce, was based upon the US Heritage Foundation's 'Mandate for Leadership' series published before the US elections of 1980 and 1984, and outlined a radical neo-liberal policy agenda for the incoming government at the 1987 Australian federal elections.

Although it did establish an office in Canberra, the Perth-based AIPP had a greater focus on Western Australian political issues than did other think tanks, particularly WA Inc. In 1991, the AIPP amalgamated with the IPA and Hyde became its Director. In Hyde's words:

> To wage this struggle most effectively IPA needed a director and we needed access to resources and to influence in the heartland of our intellectual opponents. Since the AIPP's inception we have co-operated closely with the IPA. In short, we are joining forces with old friends.[29]

The Centre of Policy Studies (CoPS)

Established under the auspices of Monash University in 1979 by economist Professor Michael Porter, the Centre for Policy Studies was a university-based radical neo-liberal think tank. The Fraser government awarded CoPS a Research Centre of Excellence grant for $2.6 million[30] which enabled it not only to construct

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[28] John Hyde and John Nurick (eds), *Wages Wasteland: The Australian Wage Fixing System*, Hale and Iremonger and AIPP, Sydney, 1985; John Nurick (ed.), *Mandate to Govern*.
[29] John Hyde, 'A Special Message to Members of the AIPP', *Clear Thinking*, December 1990, p. 1
[30] Michael Porter, interview with the author.

elaborate econometric computer modelling for testing neo-liberal proposals, but also to bring to Australia a number of American radical neo-liberals as well as those involved in implementing radical neo-liberal agendas overseas. As Michael Porter says:

> the effect of that was to give one Professor, in Australia (me), a budget unlike any before or since, so imagine, I brought out Milton Friedman, I brought out all the big names, aviation was an issue, so we brought out everybody who had been in competition in airlines, Fred Kahn from the Federal aviation authority in America who has done the deregulation, the president of Continental Airlines in New York, Michael Lavine who is now the head of the Yale Business School. We used that money on airlines, transport, electricity, labour markets, monetary policy to bring out the best and brightest, so for six years I had this massive budget.[31]

The Australian Adam Smith Club

Better described as a dinner club than a think tank, the Australian Adam Smith Club was formed in 1981 in Sydney, reportedly 'as a result of the fusion of the Libertarian Dinner Club and the news-sheet *Optimism*'.[32] Greg Lindsay was its first Chairman.[33] The Club promotes a radical neo-liberal notion of economic freedom and erroneously attributes this sentiment to Adam Smith. It is not surprising therefore to find that the Club has virtually deified Smith, producing 'Adam Smith ties' and 'Adam Smith lapel and tie pins'.[34] During the 1980s the Club hosted an annual Adam Smith Award ceremony at which individuals were recognised for service to

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[31] *Ibid.*
[32] Anon., 'Adam Smith Club News', p. 14
[33] *Ibid.*, p. 14
[34] See the advertisements for such in *The Optimist*, March-April 1985, p. 19 and *The Optimist*, May-June 1985, p. 17.

the radical neo-liberal cause. The club also hosted movement activists as speakers at regular dinners.[35]

Beginning as a Sydney-based club, branches were also established in Canberra (1985) and Melbourne (1982). By the mid 1990s the Melbourne branch had, it seems, extended its libertarian approach to social issues as well, decrying in its newsletter the mass strip searching for illegal drugs of 463 people at a Melbourne nightclub as a 'loss of individual freedom'.[36] In 1995 the Melbourne branch also had a favourable review of the NSW Shooters' Party.[37] Publications of the Club included *Optimism* (1981-1984) and *Laissez Faire: Newsletter of the Australian Adam Smith Club (Melbourne)*.

The Tasman Institute

After leaving CoPS in 1989, Michael Porter helped to establish the Tasman Institute. According to Porter, Tasman 'came out of the ashes of an attempt to form a private university'[38] in 1987 — Tasman University. Formed in 1990, Tasman (at least during the period under review) consisted of two related entities — the Tasman Institute and Tasman Economics (later renamed Tasman Asia Pacific).

The Tasman Institute performs a similar role to that of other radical neo-liberal think tanks: proposing radical neo-liberal alternatives; critiquing the role of government; engaging in public discourse intervention and attempting to shift the parameters of elite and public debate. Of his time at CoPS, Porter says 'we were getting our hands dirty',[39] meaning that they did not merely produce papers and publications, but were interested in making radical neo-liberal change a reality. This sort of approach is

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[35] See Tony Taranto, 'Adam Smith Club News', *The Optimist*, September-October 1985, p. 16.
[36] Anon., 'Bouquets and Brickbats', *Laissez Faire: Newsletter of the Australian Adam Smith Club (Melbourne)*, August 1995, p. 2.
[37] 'Shooting from the Lip', *Laissez Faire: Newsletter of the Australian Adam Smith Club (Melbourne)*, April 1995, p. 1.
[38] Michael Porter, interview with the author.
[39] *Ibid*.

embodied by Tasman, with Tasman Economics/Asia-Pacific being an organisation that does contracting work on projects requiring the implementation of neo-liberal strategies — particularly privatisation and deregulation in the Asia-Pacific region. So, Tasman is one of the few think tanks that puts neo-liberal theory into practice, rather than merely writing about it, or merely advocating it. As Porter writes: 'For Tasman the opportunity is to go forward from being just a "think tank" to becoming a "do tank.[40]"'

Tasman has been at the forefront of radical neo-liberal advocacy for the creation of markets for evaluating the environment. It continued much of the work of CoPS, and completed the final book of the National Priorities Project, *Markets, Resources and the Environment*.[41] With the IPA, Tasman co-ordinated Project Victoria, the blueprint for radical neo-liberal change in Victoria which helped to shape the agenda of the Kennett government (see Chapter Seven).

Institute for Private Enterprise (IPE)

Des Moore left the IPA and formed his own think tank, the Institute for Private Enterprise (IPE) in 1996. His decision to found IPE was based upon a disagreement within the IPA over priorities:

> The board of the IPA and the then Chief Executive, John Hyde, took the view that we should put less emphasis on economic reform, because the Federal Government, after 1996 or even before 1996, was moving in the right direction and we should be concentrating much more on social issues. I took the view that that was not correct, that economic reform had a long way to go and that it's an ongoing battle and that there was plenty to do in the way of economic reform. And I decided that I wasn't

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[40] Michael Porter, 'Executive Director's Report', *Tasman Institute Annual Report 1991*, p. 3
[41] Alan Moran, Andrew Chisholm and Michael Porter, *Markets, Resources and the Environment*, Allen and Unwin, North Sydney, 1991.

going to continue to have arguments — I was old enough to go out and do it myself — and I wasn't going to continue to have arguments every second day or week within an organisation that was pursuing a course that I didn't want to pursue. So I decided to form my own enterprise.[42]

In line with this, IPE has focussed primarily upon economic issues, promoting a radical neo-liberal agenda and critiquing government expenditure. Moore was able to attract some corporate funding, and received:

a reasonable amount of support from businesses and the odd foundation — not by any means enough to run a major organisation but enough to cover my costs[43]

The IPE remains a relatively small think tank. This is reflected in its output, which consists of an newsletter emailed to subscribers, occasional publications, speeches and letters to the editor.

University Links

In addition to think tanks and similar movement organisations, there are other institutional congregations of movement activists, primarily within universities. The Flinders University-based National Institute of Labour Studies (NILS), for example, has been home to movement activist, Richard Blandy and prominent sympathiser, Judith Sloan. It produces research papers, longer studies and a regular journal, *Australian Bulletin of Labour*, primarily for an audience of academics and bureaucrats. The focus of the Institute is on labour market research, and it derives its funds through the sale of publications, subscriptions, grants and contracted research. According to Blandy, NILS is the model neo-liberal workplace, with flexible

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[42] Des Moore, interview with the author.
[43] Des Moore, interview with the author.

working hours and decentralised management.[44] The School of Politics at the Australian Defence Force Academy has been home to movement activists Chandran Kukathus, William Maley and Andrew Norton. The Australian Graduate School of Management (AGSM) was another centre for movement activists. Greg Lindsay argues that 'the establishment of the Australian Graduate School of Management brought us Ray Ball and Malcolm Fisher who became active in the centre in the years ahead.'.[45] Peter Dodd was also a director of the AGSM. In addition to CoPS, also at Monash University were movement activists David Kemp, Ross Parish and Geoff Hogbin. The location of these activists lends academic credibility to the radical neo-liberal movement.

Legitimacy and independence

As shall be discussed in Chapters Five and Seven, the capitalist class was integral to the existence of the movement, and the movement also had a close association with the Liberal Party. It has therefore been incumbent upon movement organisations to establish their credentials as expert commentators on political, economic and social issues, and not to be seen as industry lobby groups, or as sub-committees of the Liberal Party. Additionally, the radical neo-liberal movement does not enjoy anything like a popular support base. Indeed, the participant base of the movement itself is quite small, and this base is predominantly comprised of 'elites' — of some capitalists, but predominantly of those occupying contradictory locations within class relations. It is for this reason that the movement is best understood as a 'non-class' force: not predominantly drawn from either capital or labour. The boards and research advisory committees of movement organisations are typically comprised of capitalists and academics (often professors). Capitalists, academics, bureaucrats,

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[44] Richard Blandy, Peter Dawkins, Kenneth Gannicott, Peter Kain, Wolfgang Kasper, and Roy Kriegler, *Structured Chaos: The Process of Productivity Advance*, Oxford University Press, Melbourne, 1985, pp. vii-viii.
[45] Andrew Norton, 'The CIS at Twenty: Greg Lindsay Talks to Andrew Norton', pp. 16-21.

politicians and consultants comprise the bulk of those who contribute to movement publications. A look at those who consume movement publications reveals a similar pattern. In 1981, for example, *IPA Review* had a circulation of about 21,000 copies. Although this is good for an intellectual magazine, it is put into perspective by the revelation that over 10 000 of those copies were purchased by corporations or associations and over 7 500 were sent to schools. Only 1668 were listed as being purchased by 'individuals'.[46] Given that the movement rarely attempted the mobilisation of those sympathetic to radical neo-liberal goals or ideology, purchases of movement periodicals is a reasonable gauge of an upper limit of movement participation. Such a figure is quite small. It is even smaller when the provision of copies to schools and workplaces are factored out of the equation. Further evidence of the narrow support base of the radical neo-liberal movement can be found in the Centre for Independent Studies' own assessment of its 'audience'. In its Annual Review 1992-1993, the CIS identified five audiences for its activities:

> i) the academic community, comprised of teachers and students; ii) the corporate sector, public and private companies of all sizes; iii) the professional community, including doctors, lawyers, engineers; iv) political decision-makers, politicians, their advisers and the public sector; v) the media, daily media as well as specialist publications.[47]

This was little different from the situation a decade earlier when the CIS celebrated its sale of books increasing by 200 per cent, but lamented that 'The main market is still university bookshops, academics, schools and government departments'.[48] It is therefore difficult for the movement to claim that it is speaking on behalf of the common interest rather than a narrow or sectional interest. Because of these factors, establishing its legitimacy and independence has been crucial to the radical neo-liberal movement and its mobilising structures.

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[46] Michael Bertram, *A History of the Institute of Public Affairs*, pp. 130-131.
[47] CIS, *CIS Annual Review 1992-1993*, p. 16.
[48] *Newsletter (Centre for Independent Studies)*, May 1983.

Radical neo-liberal think tanks are keen to claim the status of 'independent' research institutes. All stress their non-partisan political nature, as well as taking great pains to argue that, despite the large amounts of corporate funding they receive, they are not beholden to the interests or ideologies of their patrons. There are three main ways in which this occurs. First, much like academic journals, many think tanks list 'research advisory boards' who oversee the research projects of the organisation. Often these boards comprise highly qualified academics, thus enhancing the perception that the organisation is independent rather than partisan, or ideologically motivated. Second, many movement think tanks use non-partisan names, such as the Centre for Independent Studies, or the Australian Institute for Public Policy, thus obscuring their ideological predispositions. Obviously this does not apply to organisations such as the H. R. Nicholls or the Adam Smith Club which have openly partisan names. Third, all radical neo-liberal think tanks have a high proportion of representatives from the business community on their governing boards. This is a double-edged sword. On the one hand, respected corporate executives possessing awards like the Order of Australia and Knighthoods may add to the legitimacy of an organisation, but on the other hand it does lend support to claims that movement think tanks represent primarily the interests of business. In an attempt to counter the latter claim, think tanks have responded by pointing to the fact that they receive subscriptions from many 'individuals' (including individual corporations) and that no single subscriber has a monopoly on funding. The IPA for example carried the following statement of funding during the 1990s:

> The IPA obtains its funds from more than 4,000 private individuals, corporations and foundations. No one source accounts for more than 6.5 per cent of the total and no one industry sector provides more than 16 per cent. No donations from political parties or grants from government are accepted.[49]

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[49] IPA, 'Where the IPA Stands', *IPAReview*, Vol46, No.3, 1993, p. 56.

Tactics of the movement

The radical neo-liberal movement views itself as engaged in a battle of ideas against collectivism.[50] It has set out to change the climate of opinion in Australia regarding the role of the state. Andrew Moore notes the 'messianic flavour' of much radical neo-liberal rhetoric.[51] In part this stems from a genuine belief in the correctness of its own ideas. It reflects a dogmatism that pervades the movement. A glance through the records of discussion sessions at movement conferences reveals an unwillingness of the part of activists either to moderate their demands in order to better reflect public opinion or to admit the possibility that they may in fact be wrong. For example, in response to the latter suggestion at a CIS organised conference on small government in 1986, Public Choice theorist, Geoffrey Brennan, was treated with incredulity by the movement faithful, with Ray Evans of Western Mining Corporation proclaiming:

> We are in the midst of what Professor Brennan calls an 'ideological battle'. But a sense of moral outrage has more to do with it than any other factor. People are outraged at being so put upon by bureaucrats and politicians. Why should exporters, farmers in particular, have to pay 20 per cent of their export income to keep protected industries in luxury? Professor Brennan reminds me of those ecclestiatics of the early 16th century who tried to dampen down the Lutheran fires. Look what happened to them! [52]

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[50] See for example Lauchlan Chipman, *Liberty, Equality and Unhappiness*, p. 20.

[51] Andrew Moore, *The Right Road? A History of Right-wing Politics in Australia*, p. 130.

[52] Ray Evans in 'Concluding Discussion' in Michael James (ed), *Restraining Leviathan: Small Government in Practice*, CIS, St. Leonards, 1987, p. 342.

For most of its life, the consensus within the radical neo-liberal movement has been that it is expressing and articulating philosophies and policies that accord with the general sentiments of the majority of adult Australians. This faith has gradually been weakened by events such as the rejection by the electorate of the *Fightback!* package in 1993.

The messianic language and mood of the radical neo-liberal movement has also been employed for tactical reasons. Wolfgang Kasper argues:

> as economist-preachers, we need to distil the results of our research into simple propositions ... We have to propagate simple messages, basic truths that can be defended. This sometimes conflicts with a personal wish to be meek and agnostic.[53]

In line with this, every conceivable problem has, at some stage, been blamed upon 'collectivism'. Emotionally potent oversimplifications have often been mobilised by radical neo-liberals to attack their enemies. Pejorative language is used to describe those who reject radical neo-liberalism. The arguments of their critics are generally dismissed as pleas to self-interest. Simplistic dichotomies are employed to hold the radical neo-liberal world-view up as demonstrably superior to all others. Except when addressed to a specialist audience, movement publications have generally been clearly written, and understandable by the general, educated reader.

Although many diverse tactics have been used by the radical neo-liberal movement, the think tanks in particular have had a clear strategic focus. Speaking of the CIS, Director Greg Lindsay summed up the approach of think tanks in general:

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[53] Wolfgang Kasper in 'Concluding Discussion' in Michael James (ed), *Restraining Leviathan: Small Government in Practice*, CIS, St. Leonards, 1987, p. 342.

> We set out to influence the general ideas environment ... We have talked
> to the public via the opinion-formers rather than directly to the policy
> makers.[54]

Apart from a few notable instances (such as 'Project Victoria') the movement's think tanks have not engaged in the direct lobbying of politicians or bureaucrats. As discussed in Chapter Seven, they *have* occasionally targeted sympathetic politicians and bureaucrats for lobbying — John Hyde for example speaks of the AIPP's database of such people[55] — but they preferred to use their regular journals, publications, seminars, guest speakers and conferences to influence elite opinion, or to work within existing elite structures to shape elite frameworks.

Each movement event has provided several vehicles for the promotion of radical neo-liberal ideology — the ideas or text of a seminar will provide the basis for a think tank journal article, possibly also a more lengthy publication, as well as offering a focus for the mainstream media. It is this last aspect that is particularly important. It is primarily through the mainstream media, especially the print media, that the movement has intervened in public discursive formations. The mainstream media has been the vehicle for the movement's attempt to change the terms of debate, and undermine the assumptions of their opponents in the public arena. The principle behind this strategy is explained by John Hyde:

> a cause can gain and maintain a degree of moral superiority by
> continually and publicly setting its policies in the context of values the
> public holds already — eg it is just, it is democratic, it will assist the
> poor, and so on. defence of the same policies in terms of efficiency or
> ideology will not be as readily accepted.[56]

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[54] 'The CIS at Twenty: Greg Lindsay Talks to Andrew Norton', pp. 16-21.
[55] John Hyde, interview with author.
[56] John Hyde, 'Winning the Good Fight' in Chris Ulyatt (ed), *The Good Fight: Essays in Honour of Austin Stewart Holmes (1924-1986)*, Allen and Unwin, Sydney, 1989, p. 221.

An important feature of the movement is the concerted assault it has conducted upon its enemies. The main feature of this assault has been discursive. Trade unions, new social movements, social justice advocates, Labor politicians and Wet Liberals have all, at various stages in the movement's history, been labelled as part of the 'new class' of 'politically correct' elites. The movement has charged such groups as constituting 'special interests', and thus as unrepresentative of 'mainstream' Australians. The effect of such rhetoric is to demonise, delegitimise and undermine such groups and individuals. Less systematically, movement activists and organisations have directly confronted their enemies through disruption. For example, the AIPP's Hal Colebatch attended a lecture by left-wing intellectual, Alex Carey, on the new right and proceeded to challenge and undermine the speaker.[57] Michael Porter recounts the ways in which, during his involvement in the National Priorities Project, he and other activists would target and directly confront left-wing groups:

> we certainly aimed to knock off the left wing, the collectivists groups, and one of the targets we had was one that was then headed by the guy who now heads the Australian Institute [Clive Hamilton]. He had an environment group that we felt was sort of crazy, and we certainly took them on — and the original think tank was wiped out. I mean every time he had a conference we'd be there. We took quite seriously the beating of those guys.[58]

As shall be discussed in more detail in Chapter Seven, movement activists also pursued their radical agendas through party politics — in the Liberal Party especially. Furthermore, as discussed in Chapter Four, particularly during the 1980s some movement activists were involved in direct action, either on behalf of capital or through free market populist mobilisations, such as the 'Joh for PM' campaign.

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[57] Anon., 'AIPP News' in *Clear Thinking*, No. 19, January 1987.
[58] Michael Porter, interview with the author.

The radical neo-liberal movement and its conservative critics

After being on the defensive during the late 1960s and early 1970s the intellectual Right in Australia underwent a revival during the 1980s. Integral to this was the rise of the radical neo-liberal movement. But also central to the intellectual Right in Australia was a strong and articulate conservative wing. From the time of emergence of the radical neo-liberal movement there were tensions between these two wings.

In his 1982 introduction to *The New Conservatism in Australia*, a volume which brought together leading conservative commentators of the time, Robert Manne explained his reasons for not including anything devoted to the exploration of free-market economic theories:

> I must admit to having no competence in economics whatsoever, and little sympathy for some of the social consequences apparently acceptable to the more doctrinaire enthusiasts of monetarism and the unshackled Free Market (one of whom remarked to me that the problem with Margaret Thatcher was that she was too timid in her economic policies, a comment which reminded me of those communists who argue that communism has never failed because it has never been tried). To those for whom the central question for an Australian 'new conservative' ought to be tariff barriers, money supply, tax levels, rural subsidies and 'small government, I can only offer apologies and suggest they turn to the occasional publications of the Centre for Independent Studies[59]

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[59] Robert Manne, 'Introduction' in Robert Manne (ed.), *The New Conservatism in Australia*, Oxford University Press, Melbourne, pp. viii-ix.

The implication was clear: neo-liberalism, let alone the movement's more radical expression of it, had no place within the conservative world view. Neo-liberalism in practice was viewed as an anathema to many of the traditions and values held dear by conservatives, and these were to be the central points of contention between the two camps, in what continues to be an acrimonious relationship.

Sporadically during the 1980s,[60] and much more intensely from 1991 onwards, this conflict was played through the pages of the conservative flagship, *Quadrant*, through the various radical neo-liberal journals, and through the publication of various books by both sides. It was manifested in direct exchanges and debates, challenges to the radical neo-liberal interpretation of economic history, critiques of the movement's arguments and world view, and the posing of alternative economic directions for Australia.

Conservatives argued that radical neo-liberalism (or economic rationalism as it has often been referred to) in practice destroyed the fabric of society, that it destroyed the traditional structures and values that held society together such as the family and the bonds of community. John Carroll, for example, talked about neo-liberalism as an assault upon 'Australia's Way of Life', such as the family and home ownership,[61] whilst Manne pointed to the social libertarianism of a number of movement activists, arguing that:

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[60] See for example: Peter Coleman, 'Editorial: Wet, Dry and Blue All Over', *Quadrant*, April 1985, pp. 9-10; John Hyde, 'A Dry's Philosophy', *Quadrant*, April 1985, pp. 42-44; Michael James, 'Is Small Government Possible?', *Quadrant*, April 1985, pp. 46-49; Michael James, 'The Free Market', *Quadrant*, June 1983, pp. 29-33; Gerard Henderson, 'Fraserism: Myths and Realities', *Quadrant*, June 1983, pp. 33-37. The debate has also been played out through the letters pages of *Quadrant*, see for example: Michael James, 'Letter', *Quadrant*, January-February 1985, p. 7; John Hyde, 'Letter', *Quadrant*, June 1985, p. 4; K. Devlin, 'Letter', *Quadrant*, March 1984, p. 3; John Carroll, 'Letter', *Quadrant*, August, 1983, p. 3.

[61] John Carroll, 'Economic Rationalism and its Consequences' in John Carroll and Robert Manne (eds.), *Shutdown: The Failure of Economic Rationalism and How to Rescue Australia*, The Text Publishing Company, Melbourne, 1992, pp. 24-26.

in social affairs they believe not in the need to balance freedom and restraint but in the value of freedom without qualification.[62]

Conservatives saw their own philosophy and politics as 'pragmatic, experimental and, ultimately, sceptical about the role of theory in human affairs',[63] whilst radical neo-liberalism was viewed as 'the latest example of the ideological bent which is latent in the cast of liberal thought'.[64] Oakeshott's anti-rationalist philosophy was counter-posed to the radical neo-liberals' free-market dogmatism.

Philosophically, at stake here were fundamentally different views of the limits of human reason and, indeed of human nature. Politically, at stake were fundamentally different views of the role of the state in society. Leading conservatives such as Robert Manne, John Carroll, Hugh Emy and B. A. Santamaria counter-posed the ideal of social democracy to the neo-liberal state. The radical neo-liberal project was viewed as ideologically driven and thus 'unfalsifiable'. As Manne writes:

> What is rarely made clear is what kind of evidence would be necessary for an economic rationalist to admit that even one part of their program is mistaken or ill-timed ... Some, moreover, have come to regard the market with the reified awe which socialists once used to regard the plan.[65]

Conservatives saw the state as a pragmatic instrument of public policy and authority. In order to combat what they viewed as Australia's economic malaise they called for the use of tariffs to control imports, a different approach to taxation and industrial relations to that of the neo-liberals, and the use of the state to encourage conformity with conservative moral norms.

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[62] Robert Manne, 'Clear Thinking in the Present', *Quadrant*, January-February 1992, p. 64.
[63] Robert Manne, 'The Future of Conservatism', Quadrant, January-February 1992, p. 54.
[64] Hugh Emy, 'Chandran Kukathas and Conservatism', *Quadrant*, April 1992, p. 21.
[65] Robert Manne, 'The Future of Conservatism', p. 52.

However, until the late 1990s, the conflicts between conservatism and radical neo-liberalism in Australia had not created a neat cleavage within the intellectual Right. One reason for this is the often conservative character of the movement, as discussed in Chapter Two. Whilst Chandran Kukathus has argued that 'the differences between liberals and conservatives are many fewer than Emy, Manne and other critics think',[66] others have simply drawn from both traditions unproblematically in their writings. As Melleuish notes, *IPA Review* editor, Ken Baker, was a student of leading conservative protagonist, John Carroll, and combined radical neo-liberalism cultural conservatism.[67] Indeed, since its conversion from Keynesianism to radical neo-liberalism, socially conservative and economically liberal arguments have sat side by side, usually without conflict, in the pages of the *IPA Review* and other IPA publications. For example, as shall be discussed in Chapter Seven, the IPA's *Education Monitor* and the IPA Education Policy Unit consistently set out a conservative and radical neo-liberal agenda for education, arguing for schools to uphold conservative moral norms and that they also be accountable to the community by being funded indirectly — via educational 'vouchers' provided to individuals by the state.

Whilst there have been some movement activists, such as Andrew Hay, who have applied a libertarian philosophy to both the economic and social spheres, most have been conservative on social issues. These radical neo-liberals with liberal or libertarian social views have, for the most part, been content to let such views take a back seat.

Such closeness between radical neo-liberalism and conservatism is not surprising. As Melleuish notes, there is a long history of liberals and conservatives joining

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[66] Chandran Kukathas, 'Thoughts on the Conservative Discontent' in Chris James, Chris Jones and Andrew Norton (eds.), *A Defence of Economic Rationalism*, p. 150.
[67] Gregory Melleuish, *A Short History of Liberalism in Australia*, p. 38.

together in an 'alliance'.[68] Further, they share similar political philosophies. Both liberalism and conservatism evolved alongside the evolution of capitalism, and both agree upon the need for some kind of capitalist state. Both also agree upon the importance of the rule of law, and modern conservatism shares a commitment with radical neo-liberalism to the autonomy of the individual. Exactly how the individual should be conceived is where the radical neo-liberals and conservatives begin to diverge. For the movement, the individual is the starting point of political philosophy and it is the individual's liberty that is sacrosanct. Conservatives, on the other hand, understand the individual as existing in a social world: one conditioned by inherited traditions, practices, structures and institutions. It is the role of the state to preserve an orderly society in which individuals can prosper by adhering to and strengthening these traditional structures. Conservatives tend to be anti-rationalist and tend to be suspicious of grand theories of human nature.

The other reason why the intellectual Right did not fracture during the 1980s was that it was able to unite against a common enemy: the 'new class'. As outlined in the previous chapter, this idea and term was borrowed from the American neo-conservatives. The neo-conservatives argued that the generation of campus radicals from the 1960s and 1970s subsequently entered the rapidly expanding public sector and pursued their own ideological and self-interest, whilst claiming that they were really working in the interests of the public. This critique was imported to Australia and mobilised by both conservatives and radical neo-liberals. For conservatives it provided an explanation for changes in Australian political culture and justified their opposition to it, as is borne out in the following from Manne:

> ... by the mid-seventies another layer had been added [to Australian
> society] ... the so-called "new class" of university graduates, the products
> of the rapidly expanded tertiary education of the 'sixties. They were now
> present throughout many of the key institutions of our society, and were

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[68] Gregory Melleuish, 'The Liberal Conservative Alliance in Australia', *IPA Review*, Vol. 46 No. 2, 1993, pp. 55-57.

dominant in those — like teaching and journalism — where moral and social values were defined and disseminated. Their enthusiasms, certainties and causes were everywhere to be found. Their hatreds — America, Capitalism, Moral Puritanism, Anti-Communism — were expressed rancorously and consensually.[69]

For radical neo-liberals the notion of the new class complemented their critiques of the welfare state. Public Choice theory, for example, reduces bureaucratic activity and critiques group political activity, arguing that large groups are unable to represent the interests of their members, despite what claims may be made by them to the contrary.[70] Similarly, von Hayek argues that government is unable to satisfy the multitude of demands and preferences of its citizens, and indeed is unable to ascertain what these preferences might be.[71] Milton and Rose Friedman, explicitly employ the term 'new class' to refer to:

> ...government bureaucrats, academics whose research is supported by government funds or who are employed in government financed 'think-tanks', staffs of the many so-called 'general interest' or 'public policy' groups, journalists and others in the communications industry.[72]

For conservatives, and conservative movement activists, the new class was held responsible for a 'moral decline' and the 'weakening of core values such as those of enterprise, individual responsibility, honesty, the work ethic and a sense of service'.[73] So, the notion of the new class provided a socio-historic explanation for Australia's economic malaise consistent with radical neo-liberal economic theories.

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[69] Robert Manne, 'On Being an Editor', *Quadrant*, January/February 1983, p. 88.

[70] Mancur Olson, *The Logic of Collective Action; Public Goods and the Theory of Groups*, Harvard University Press, Cambridge, 1965.

[71] Friederich. von Hayek, *The Constitution of Liberty*; Friederich von Hayek, *The Road to Serfdom*.

[72] Milton Friedman and Rose Friedman, *Free to Choose*, p. 174.

[73] Rod Kemp quoted in Michael Bertram, *A History of the Institute of Public Affairs*, p.157.

Importantly, the idea that there existed a new class served to define a common enemy for the intellectual Right. As Frankel writes:

> Culturally, 'new class' is a synonym for class betrayal, hedonistic narcissism and nihilism. Structurally, it is a synonym for all that inhibits economic growth and the development of Australia as a market society. Politically it is a synonym for those social forces which, electorally, the major parties cannot afford to offend, despite the fact that they are supposedly subverting society.

> In other words, 'new class' is a shorthand code for a range of right-wing attitudes towards the welfare state, contemporary culture, Australian history and national identity, Aboriginal rights, feminism, environmentalism and multiculturalism.[74]

The political party that represented the interests of the new class was the Labor Party, but 'members' of the new class were to be found within the bureaucracy, non-government organisations, welfare groups and trade unions. Further binding the Right together against the new class was its association with *nomenklatura* of state socialism[75] — loathed by radical neo-liberals and conservatives alike. Ironically, at the same time that the Right was using political science to deny the relevance of class as an explanatory category in Australian life,[76] it was re-discovering 'class' as a tool for demonising the Left. The Right's mobilisation of the rhetoric of class was assisted by the decline of class analysis on the Left from the early 1980s onwards.[77]

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[74] Boris Frankel, *From the Prophets Deserts Come: the Struggle to Reshape Australia's Political Culture*, Arena Publishing, Melbourne, 1992, p. 145.

[75] See Damien Cahill, 'Why the Right uses 'Class' Against the Left', *Arena Journal*, No. 16, 2000/1, p. 151-162, P. P. McGuiness, 'The Truth About the New Class', *Sydney Morning Herald*, May 3, 1997, p. 42.

[76] David Kemp, *Society and Electoral Behaviour in Australia: A Study of Three Decades*, University of Queensland Press, St. Lucia, 1978; Chandran Kukathus, David Lovell and William Maley, *The Theory of Politics: An Australian Perspective*, Longman Cheshire, Melbourne, 1990.

[77] Damien Cahill, 'Why the Right Uses 'Class' Against the Left', pp. 159-161.

That hostility to the new class was the issue which bound the Australian intellectual Right together during the 1980s has been noted from within the Right itself. Melleuish, for example, argues that:

> Conservatives and liberals ... tended to view themselves as members of a cultural group that defined itself in terms of its opposition to what it saw as the dominant values of the Australian academic and intellectual elite.[78]

An expression of such thinking can be seen in the following from one of Robert Manne's exchanges with John Stone over the conflicts between radical neo-liberalism and conservatism:

> Although liberals and conservatives may give different weight to the relative importance of funding and structure, on the one hand, and philosophy, on the other, as the way out of Australia's dreadful educational mess, I have no doubt that all those attached to the liberal and conservative worldview are united by a horror felt at the direction in which our educational institutions ... are being dragged at present by romantic ideologues and new-class bureaucrats. I think contemporary Australian liberals and conservatives — whatever their differences — are also united by hostility to the strident and powerful expressions of the left utopianism and antinomianism as evidenced, in particular, in the environmentalist and sexual liberation movements.[79]

As I have argued elsewhere, not only did this hostility towards the new class bind the right together, the new class discourse was a defining feature of right-wing

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[78] Gregory Melleuish, *A Short History of Liberalism*, p. 38.
[79] Robert Manne, 'The Future of Conservatism', p. 55.

intellectual culture in Australia from the early 1980s until the late 1990s.[80] In 1985, then *Quadrant* editor Peter Coleman wrote of his desire that 'the Wets and dries, the conservatives and libertarians, could find common ground beyond their opposition to socialism and the New Class'. He reported that little had come of an earlier attempt at such an meeting of the minds.[81] In a portentous letter to *Quadrant* in 1983, John Carroll stated:

> At this early stage in the debate I find myself drawn to support free-market radicalism, with a conservative check, but do so with a great deal of trepidation — because of the cultural consequences of capitalism.[82]

Despite the alliance between conservatives and radical neo-liberals, the seeds of a future split were being sown.

After 1989, interest grew in investigating what it was that underpinned markets. Terms such as 'civil society', 'the moral underpinnings of markets', non-market relationships', 'social capital', and a resurrection of Hayek's 'tacit market knowledge' became common in movement literature. Such concerns were expressed in the 'Markets, Morals and Civil Society Project', discussed in the previous chapter. In part, this interest was sparked by the collapse of communism and the prospects of implementing free-market regimes in eastern bloc countries. It was argued that communist regimes had destroyed 'civil society' and that this would hamper the construction of a neo-liberal alternative. In part also, this interest stemmed from the need to explain the success of the Asian Tiger economies, and to engage in the question of whether such success was the product of 'Asian values'. In both cases failure of market reforms was put down to 'crony capitalism' — a perversion of the

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[80] Damien Cahill, 'The Australian Right's New Class Discourse and the Construction of the Political Community' in Ray Markey (ed.), *Labour and Community: Historical Essays*, University of Wollongong Press, Wollongong, 2001, pp. 345-361.
[81] Peter Coleman, Editorial, 'Wet, Dry and Blue All Over', p. 10.
[82] John Carroll, 'Letter', p. 3.

free operation of market forces — whilst success was attributed to strong 'civil society'.

Primarily this interest was a response to critics of neo-liberalism, from both the conservative Right as well as the Left. Neo-liberalism had been under attack both from its left as well as from within the ranks of the conservative Right throughout the 1980s. What made responding to these attacks all the more urgent was the publication in 1991 of left-wing social democrat Michael Pusey's *Economic Rationalism in Canberra: a nation-building state changes its mind* and the subsequent publication in 1992 of John Carroll and Robert Manne's edited collection, *Shutdown: The Failure of Economic Rationalism and How to Rescue Australia* (which contained contributions from both left and right wing commentators). Pusey's book, in particular, catapulted the issue of 'economic rationalism' (or neo-liberalism) to national attention.

A sense of how this threat was viewed can be gauged by movement activist, Andrew Norton's, review of Pusey's book:

> If Pusey's critique is right, it reveals a massive contradiction between
> liberalism's economic and social objectives. In order to avoid social
> collapse, the economically 'rational' reform process would not only have
> to be stopped, but urgent steps taken to reverse changes already made[83]

In his review Norton went on to repudiate Pusey's claims, arguing instead that there existed a 'mutually fruitful interaction between the market and other parts of civil society.'[84]

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[83] Andrew Norton, 'Markets and Civil Society (Review of Michael Pusey, *Economic Rationalism in Canberra*)', *IPA Review*, Vol. 45, No. 2, 1992, p. 60.
[84] *Ibid.*, p. 60.

Four years later, Greg Lindsay, Executive Director of the CIS, quoted remarks by Pusey that 'today's market is the deadly enemy of the society it was supposed to serve'. Lindsay responded by saying that:

> Pusey's view is extreme, but it is in a tradition of hostility towards markets fostered by intellectuals of both the Left and the Right, interest groups facing competition, and populist politicians.

> Opposition to markets, in this tradition of thought, is not primarily economic. Rather, the claim is that markets undermine social ties and encourage immorality.[85]

While the conflicts between the radical neo-liberals and conservatives were able to be contained during the 1980s, the collapse of communism, the increasing implementation by both federal and state governments in Australia of neo-liberal policy agendas, and the defeat of the federal Labor government in 1996 exacerbated these tensions. It was the collapse of communism in Eastern Europe in 1989 that provided the catalyst which transformed the intellectual conflict within the Right into open warfare. As Melleuish notes:

> With the collapse of the communist dream they have lost their common foe; the time is ripe for disagreements and perhaps even a parting of the ways.[86]

Divisions on the Right over neo-liberalism cut deep. In 1992, Brian Toohey wrote of a 'deep chasm' existing between right-wing intellectuals over 'economic rationalism'.[87] The magnitude of the conflict can be gauged by the writings of C D

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[85] Greg Lindsay, 'Foreword' in Alan Hamlin, Herbert Giersch and Andrew Norton, *Markets, Morals and Community*, CIS, St Leonards, 1996, p. ix.
[86] Gregory Melleuish, 'The Liberal Conservative Alliance', p. 55.
[87] Brian Toohey, 'The Looming Split on the Right', *Modern Times*, March 1992, p. 10.

Kemp during his final years. Kemp, founder of the IPA and father of neo-liberal activists Rod and David, was part of the groundswell against neo-liberalism. In 1991 he wrote:

> The Australian economy has been tragically mismanaged ... This sorry situation is largely traceable to the resurrection of an economic philosophy which was comprehensively, and it seemed finally, rejected after the Second World War. This philosophy is that "the market", left to go its own sweet way, would ensure the most efficient use of resources and maximise living standards.[88]

Not only did the unregulated market damage the economy, but it had also led to 'an alarming decline in business and professional standards and community morality'[89]. 'Extreme market philosophies' he wrote, 'enthrone profit, greed and self-interest'.[90] Kemp attempted to resurrect Keynes from the grave dug for him by the radical neo-liberal movement and called for the Australian government to pursue a policy of 'pump-priming' to stimulate employment, a re-regulation of the financial sector and the imposition of import controls.[91] Although Kemp and other conservatives did not oppose radical neo-liberalism in its entirety — Kemp, for example, supported the extension of working hours and the reduction of holidays[92] — they did attack its philosophical and moral basis.

It can be reasonably assumed that an individual of Kemp senior's stature on the Right, publicly opposing the tenets of radical neo-liberalism, is symptomatic of many other supporters of the Post-War economic consensus. At the very least the stance of prominent figures such as Kemp must have legitimated the conservative

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[88] C. D. Kemp in '*Quadrant* Forum: The Australian Economy; What is to Be Done?', *Quadrant*, May 1991, p. 26.

[89] *Ibid*. p. 27.

[90] C. D. Kemp, 'Those Terrible 80 Years?', *Quadrant*, November 1991, pp. 17-22.

[91] C. D. Kemp, 'A Patron Saint for Economists', *Quadrant*, September 1992, pp. 20-24.

[92] *Ibid*.

backlash against the radical neo-liberal movement among many on the Right and caused uneasiness amongst the ranks of the movement activists themselves. It was thus the task of the movement to challenge claims from the Left and Right that the free-market undermined civil society, particularly those institutions, values and relationships held dear by conservatives. It was from the need to salvage radical neo-liberalism from such critics that the 'Markets, Morals and Civil Society Project' was born.

Conclusion

In addition to a shared ideology, radical neo-liberals were able to cohere into a movement through a number of think tanks and other similar organisations. These 'mobilising structures' gave organisational strength to the movement, brought like minded individuals into contact with other activists and provided the movement with continuity and an institutional memory. However, because of the centrality of capitalist funds to survival of these think tanks, as well as the involvement of many movement activists in the Liberal Party, the movement's mobilising structures have constantly had to defend their independence. Nonetheless, using the think tanks as a base, the radical neo-liberal engaged in tactics designed to proselytise their own ideology and demonise that of their opponents. During the 1970s and 1980s, the movement was assisted in this task by its alliance with conservative intellectuals. This alliance was enabled, primarily, by the movement and the conservatives sharing a common enemy in the form of the 'new class'. Once the phenomena that sustained the conservatives' perception that the new class constituted a threat began to disappear, this alliance began to fracture.

The thesis so far has outlined a framework for understanding hegemonic struggle and the role of elite social movements as non-class actors within such struggles. It has also discussed the broad ideological and organisational dynamics of a particular

elite social movement — the radical neo-liberal movement. The rest of the thesis analyses the relationship between this movement and the struggles to secure hegemony for neo-liberalism that occurred in Australia from the 1970s until 1996. In order to provide a context for such an analyse, however, it is first necessary to outline the broad parameters of the hegemonic struggles themselves, a task undertaken in the next chapter.

Chapter 4

The Hegemonic Context: Conflict and Change within Australian Capitalism

This chapter maps the contours of the major hegemonic struggles that occurred from the mid 1970s until 1996 around the restructuring of the Australian state. The purpose of this discussion is to provide a context for evaluating the relationship between the radical neo-liberal movement and struggles for hegemony.

The emergence of the radical neo-liberal movement coincided with a crisis of hegemony at the levels of the world system structure and, in Australia, of the state project. That is, from about 1974 onwards, the relations and structures that underpinned both Fordism and Keynesian welfare capitalism, and which gave them legitimacy amongst the leaderships of both labour and capital, were undermined. The rise of the radical neo-liberal movement to prominence occurred in the context of the attempt, by particular fractions of capital, to overturn the state project of Keynesian welfare capitalism and replace it with what became the state project of neo-liberalism. As a consequence, this neo-liberal power bloc came into conflict with other fractions of capital still wedded to key aspects of the older hegemonic order. This chapter will first discuss the key features of Keynesian welfare capitalism and the hegemonic relations that underpinned it, in particular the 'class compromise' between labour and capital. Second, the chapter will provide reasons for the breakdown of the hegemony of Keynesian welfare capitalism among the capitalist class. Third, this chapter will examine mobilisation and conflict that occurred within the capitalist class around the neo-liberal restructuring of the state and economy and the concomitant attempts to secure hegemony for this particular state project.

Having discussed the capitalist response to the breakdown of post-war hegemony, this chapter will then outline the main features of the state project of neo-liberalism and the relationship of the major political parties to it. It will be argued that the Whitlam and Fraser governments, although both implementing some policies of a neo-liberal hue, were broadly committed to the key features of the Keynesian welfare capitalism. Neither engaged in cohesive attempts to dismantle the post-war consensus, or the earlier institutions of the Australian settlement. Rather, both attempted to manage the economic crisis that beset Australia with a piecemeal combination of Keynesian and neo-liberal policies. It was not until 1983, under the Hawke Labor government, that the state project of neo-liberalism began in earnest. Hawke, and subsequently Keating, articulated a One Nation strategy in an attempt to secure electoral hegemony for themselves and, more broadly, to secure consent for the neo-liberal restructuring of the state. When John Howard won government for the Coalition parties in 1996, he undertook a Two Nations hegemonic strategy which was an attempt, through the demonisation of and assault upon a significant minority of the Australian population to win consent for an even more radical neo-liberal restructuring of the Australian state and economy. It was the working class in Australia that bore the brunt of these neo-liberal changes. The final section of this chapter will discuss the response of the working class to various neo-liberal hegemonic projects undertaken by capital and the major political parties. It will be argued that, primarily because of the alliance of the trade union leadership with the Labor party, no significant counter-hegemonic strategy emerged from the working class to challenge neo-liberalism.

A breakdown of hegemony

The struggles that occurred in Australia to secure hegemony for neo-liberalism resulted from a breakdown of the hegemonic relations that underpinned post-war Fordism and welfare capitalism. In the late 1960s and early 1970s Australia was still benefiting from what historians have termed the 'long boom'. The economy

was growing and the nation enjoyed conditions of near full employment. Such buoyant economic circumstances were not unique to Australia at the time. Rather, they were phenomena common to most social and liberal democracies after the Second World War.

At the end of the Second World War, capitalist hegemony was threatened by the communist states of the Soviet Union, the Eastern Bloc satellites and China (after 1949). The United States, as the post-war hegemon, used the Marshall Plan and international economic agencies to create a stable basis for the development and reconstruction of capitalism in Europe and Asia after the War. This reconstruction took the form of controls upon financial flows across national borders, the pegging of currencies to the US dollar and the establishment of the 'Bretton Woods' institutions; the IMF, World Bank and the General Agreement on Trade and Tariffs. Military force and counter-insurgency were used to support this reconstruction, both in securing new markets for US, Japanese and European capital, and in combating threats to capitalist hegemony (for example in Korea, Vietnam and Chile).

At the domestic level, capitalist hegemony was threatened, in many states, by a strong organised working class and socialist movement. Welfare states were, in this sense, responses to the demands of the labour movement for a more equitable distribution of the benefits of capitalism, rather than a return to the conditions of the Depression years. Also known as the 'class compromise' or 'labour-capital accord', the state and sections of the capitalist class agreed to a system of regulated capitalism: the state undertaking a redistributionist role, whilst moderate elements within the labour movement agreed to support the broad parameters and institutions of this system in return for its promised benefits to workers.[1]   At the social level, the state took a greater role in the provision of a greater range of universal services, and at the economic level it undertook greater regulation of economic activity. This was the welfare state, which took different forms in different national contexts, but which most often

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[1] See Stephen Bell, *Ungoverning the Economy*, p. 73.

carried the prefix 'Keynesian'.[2] Combined with international financial institutions and agreements, this made for the international system of regulated capitalism known as Fordism. Fordism was the particular structure that characterised the world capitalist economy and that was hegemonic from the end of the second world war until the early 1970s.

Australia had its own version of this class compromise. The post-war class compromise in Australia built upon the existing 'domestic defence' model of state economic and social regulation.[3] 'Domestic defence', what Paul Kelly refers to as the 'Australian Settlement',[4] grew out of fierce class conflict in the late 19th and early 20th centuries and was itself an early example of class compromise embedded in state policies and institutions.[5] Protection of manufacturing through tariffs and import quotas, an arbitration commission with powers of industry wide wage determination, and the White Australia policy which restricted immigration to those of European origin, were the central features of the domestic defence model which characterised the Australian state in the first half of the 20th century. After the Second World War, the domestic defence model was, as Stephen Bell writes, 'overlaid' by a complementary model based broadly upon the 'regulation of aggregate demand, production, consumption and employment levels'.[6] Beginning with the Curtin and Chifley Labor governments of the 1940s, and continued by successive Liberal governments thereafter, a moderate social welfare program and large scale public works projects were undertaken by Australian federal administrations. The systems of protection and arbitration meant that redistribution in Australia occurred primarily through wages. Unlike many European countries, Australia

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[2] This is so despite the wide divergences in opinion as to what it is to be 'Keynesian'. For a discussion see Tim Battin, *Abandoning Keynes: Australia's Capital Mistake*, Macmillan, London, 1997, pp. 20-22.
[3] Bell, *Ungoverning the Economy*, pp. 63-64.
[4] Paul Kelly, *The End of Certainty: Power, Politics and Business in Australia*, 2nd edition, Allen and Unwin, St Leonards, 1994, pp. 1-9.
[5] Stuart Macintyre, 'Labour, Capital and Arbitration' in Brian Head and James Walter (eds), *State and Economy in Australia*, Oxford University Press, Melbourne, 1983, pp. Ed Kaptein, 'Neo-Liberalism and the Dismantling of Corporatism in Australia', pp. 82-85
[6] Stephen Bell, *Ungoverning the Economy*, p. 64.

developed a residual rather than comprehensive welfare state, or what Castles describes as a 'wage earners welfare state'.[7]

Both 'domestic defence' and the Keynesian welfare state project were hegemonic in Australia from the end of the second world war until the early 1970s. Both were supported by the leadership of the organised working class and by the leadership of the capitalist class, which was concentrated in the manufacturing sector. In the early 1970s, however, a number of factors converged which led to a breakdown of the hegemony of welfare capitalism and domestic defence within the capitalist class.

A picture of the moment of this breakdown in hegemony is provided by Higley, Deacon and Smart in their *Elites in Australia*. The authors undertook a survey of the opinions of 'elites' (a sample of 370 people drawn from the leaderships of major corporations, trade unions, the major political parties, voluntary associations, the public service, the mass media and, from within academia, several leading vice chancellors and economists) in 1975 and 1977. Despite the limitations of their elite theory framework and the authors' simplistic understanding of 'ideology', the survey offers a revealing portrait of elite opinion at the time. The authors note a perception by Australian elites in 1975 of a 'lack of national direction, purpose and identity'[8] which, although partly reflective of the turmoil surrounding Whitlam's last months in office, is also suggestive of a breakdown in hegemony. They also note that 'Business leaders were most frequently concerned about general attitudes toward work', particularly a deficient 'work ethic' and a general lack of 'motivation' among workers.[9] Rather than viewing them as structural consequences of capitalist crisis, business leaders attributed unemployment and low productivity to the personal qualities of workers. Such attitudes indicate a fertile environment for the emergence of neo-liberalism as a new common sense among the capitalist leadership. That a

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[7] Francis Castles, *The Working Class and Welfare: Reflections on the Political Development of the Welfare State in Australia and New Zealand, 1890-1980*, Allen and Unwin, North Sydney, 1985.
[8] John Higley, Desley Deacon and Don Smart, *Elites in Australia*, Routledge and Keegan Paul, London, 1979, p. 114.
[9] *Ibid.*, pp. 115-116.

'sizeable number' of right-wing elites also attributed a lack of youth motivation explicitly to the effects of the welfare state is further confirmation of this.[10] The issue of industrial relations figured prominently among elite opinions of the time. In 1975 all but Labor and trade union elites ranked the 'power of trade unions' in the top seven most important issues facing Australia.[11] Importantly, the authors note that, particularly among business elites who ranked industrial relations as Australia's primary political problem, there was a perception that 'Australia's elaborate industrial relations system was not working and was degenerating into 'chaos' and 'anarchy''.[12] Union militancy was also a major concern among these elites.[13] Furthermore, by 1977, significant numbers of elites outside of the Labor Party and trade unions were singling out wage indexation and trade union wage demands as the primary causes of increases in inflation.[14] Although some aspects of the post-war consensus were breaking down, it is clear that others remained secure. For example, a majority of all elites surveyed, irrespective of class location, agreed with the statements: 'Regardless of efforts, each person has a right to a living standard sufficient to cover basic needs' and 'In recession, government should create public sector jobs for those the private sector cannot employ'.[15] Therefore, the picture that emerges from the study by Higley, Deacon and Smart is the erosion of consensus on key issues, but not the total abandonment of the principles that underpinned the state project of Keynesian welfare capitalism. Opinion among the leaderships of those groups who supported the post-war consensus was contradictory. There is evidence of confusion about which policy agendas were likely to secure the future economic prosperity of Australia and resolve the economic crisis which beset Australia at the time. The conditions that led to such views will now be examined in more detail as well as the factors that led to the formation of a neo-liberal power bloc within the capitalist class.

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[10] *Ibid.*, pp. 152-153.
[11] *Ibid.*, p. 121.
[12] *Ibid.*, p. 117.
[13] *Ibid.*, p. 118.
[14] *Ibid.*, pp. 127-128.
[15] *Ibid.*, p. 175.

As Meredith and Dyster argue, OPEC's announcement of an oil price rise on Christmas Day 1973 certainly acted as an 'inflationary trigger'[16] which exacerbated structural problems already existing within the Australian economy and led to 'stagflation'. While stagflation was proclaimed as evidence for the failure of the Keynesian welfare state,[17] it was the broader class conflicts within Australia that provided the impetus for capital's mobilisation to construct a new, neo-liberal, state project and a new hegemonic order.

By the 1970s organised labour, its relative bargaining position strengthened by full employment and wage fixation, had managed to increase the share of the national economy devoted to wages to around 64 per cent of GDP, whilst profits had declined to around 12.5 per cent of GDP.[18] These figures are partly attributable to a wages explosion in 1973-4 prior to the onset of the international economic slowdown[19] and spiraling inflation induced by the oil crisis, but the share of the Australian economy going to wages had been steadily increasing since the mid 1960s.

A number of writers have argued that conditions of full employment lead to inevitable conflict between capital and labour, as well as between capital and the state. Drawing upon Polish economist, Michael Kalecki, such scholars argue that full employment was the 'Achilles heel' of the post-war consensus.[20] By strengthening the bargaining position of labour, they argue, and thereby increasing working class confidence, the state gave capital an imperative to marshal its forces to diminish the power of the organised working class. A further wages explosion in 1981-2, driven by trade union militancy, only

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[16] David Meredith and Barrie Dyster, *Australia in the Global Economy: Continuity and Change*, Cambridge University Press, Cambridge, 1999, p. 228.

[17] However, as Battin argues, by this time Keynesian thought in Australia had already 'been significantly obscured by the dominance of the neo-classical synthesis' (Tim Battin, *Abandoning Keynes*, p. 242).

[18] Stephen Bell, *Ungoverning the Economy*, p. 93.

[19] Stephen Bell, *Ungoverning the Economy*, p. 184.

[20] See for example: Stephen Bell, *Ungoverning the Economy*, p. 89; Melanie Beresford and Bruce McFarlane, 'Economic Theory as Ideology: A Kaleckian Analysis of the Australian Economic Crisis' in Paul Boreham and Geoff Dow (eds), *Work and Inequality*, Volume 1, Macmillan, South Melbourne, 1980, pp. 215-225. See also Kalecki's analysis: Michael Kalecki, 'Political Aspects of Full Employment' in Michael Kalecki, *Selected Essays on the Dynamics of the Capitalist Economy, 1933-70*, Cambridge University Press, London, 1971, pp 138-145.

strengthened capital's views on this matter, even while increasing unemployment helped to strengthen capital's relative position vis a vis labour. Writing in 1980, Connell and Irving noted that during the long boom:

> Full employment, from a business point of view, had the happy effect of guaranteeing demand for consumer goods and the safety of the loan finance system. Unemployment was discovered to be unnecessary as a method of labour discipline when most of the workforce accepted wage regulation through arbitration.[21]

By the 1970s working class confidence and the burden of wages upon profits became intolerable. It therefore suited capital for a situation of relatively high unemployment to persist. In his presidential address to the Australian Chamber of Commerce (ACC) in 1974-5, K. D. Williams put the case succinctly:

> political obsession with an overly narrow concept of full employment can put the economy in a straight jacket by closing off a vitally important option in economic management whereby a salutory psychological effect can be gained from a downward adjustment from an overtight labour situation[22]

Furthermore, arbitration, wage fixation and militant unionism had led, the capitalist class increasingly came to believe, to wage increases outstripping productivity gains. Only through reigning in or attacking these institutions and practices could wage increases be managed or halted. At the same time, business profitability, and thus the ability to combat inflation was threatened, so many capitalists argued, by public sector spending. On the wages front the state was guilty of capitulating to public sector union demands for excessive increases which had flow-on effects for other sectors of the economy. On the expenditure front, it was felt that state spending tended to 'crowd out' private investment,

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[21] R. W. Connell and T. H. Irving, *Class Structure in Australian History*, p. 305.
[22] K. D. Williams, 'Presidential Address', *ACC 71st Annual Report 1974-75*, Australian Chamber of Commerce, 1975, p. 5, Alex Carey Deposit, Mitchell Library Sydney (hereafter ML), MLMSS 5807-6571, Box 30.

thus curtailing opportunities for business expansion. Public sector growth, it was felt, came at the expense of private sector profits.[23] Such sentiments had been fermenting within the capitalist class since at least the 1960s, but the phenomenon of stagflation made them particularly acute and for this reason they gained widespread acceptance across the class as a whole. So, by the mid 1970s the Australian capitalist class was united in its resolve that action needed to be taken to reign in state expenditure, the arbitration commission and the power of the organised working class.

Also during the 1970s, many capitalists feared that the free enterprise system itself was under threat. The Whitlam Labor government, the impact of radical social movements, and the militancy of a number of left-wing trade unions contributed directly to such fears.

Although often characterised as a left-wing government, close examination of Whitlam's Labor administration reveals a number of important fiscal and policy initiatives which, in many ways, anticipated the later drift in state ideology towards neo-liberalism. Tariffs were cut uniformly by 25 per cent, deregulation of the finance sector began, and Trades Practices and Prices Justification legislation established a framework for competition.[24] Treasurer Bill Hayden's dismissal budget of 1975 contained cutbacks in government expenditure and commitments to suppressing wage demands.[25] Thus, there is some truth to Whitlam's proclamation to the NSW Chamber of Commerce in 1973 that his was the 'first genuine free enterprise government in twenty-five years'.[26]

Despite the Whitlam government's numerous fiscal and policy initiatives which, in many ways, anticipated the later drift in state ideology towards neo-liberalism, aspects of Labor's rule worried sections of capital. In the Whitlam government's

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[23] Bell, *Ungoverning the Economy*, p. 131.
[24] Bob Catley, *Globalising Australian Capitalism*, Cambridge University Press, Cambridge, 1996, p. 62.
[25] Bob Catley and Bruce McFarlane, *Australian Capitalism in Boom and Depression*, Alternative Publishing Cooperative, Chippendale, 1981, pp. 147-151; Stephen Bell, *Ungoverning the Economy*, p. 140.
[26] Whitlam quoted in Bob Catley and Bruce McFarlane, *Australian Capitalism in Boom and Depression*, p. 125.

proposals for the establishment of the Petroleum and Minerals authority, the Australian Industries Development Corporation and the Australian Government Insurance Office, sections of capital detected moves towards nationalisation of industry and socialism.[27] Combined with expansive state spending, the ALP's historic association with what was an increasingly militant trade union movement and traditional capitalist class suspicion of Labor, these policies engendered strong hostility within sections of capital. Such sentiments reached their peak in 1975. Reflecting upon this period, Maurice Newman of Bain and Company and later of the Centre for Independent Studies said: 'Market arrangements and free enterprise institutions were under attack from the Whitlam Government'.[28] ACMA President Max Dillon argued in 1975 that 'behind these socialistic principles lies a direct threat to the free enterprise system',[29] whilst the ACC President wrote:

> The private sector of the Australian economy is under challenge and only by a concerted effort by all, will the demands of socialism be thwarted.[30]

Wilfred Brookes, Chairman of Colonial Mutual Life, summed up the business view of Whitlam at the time:

> What the Labor Government did, in a very short space of time, was to engineer a massive shift of resources from the private to the public sector of the economy … Is it surprising that trade and industry is in such a precarious position?[31]

Although hostility to the Whitlam government had spread throughout the capitalist class by 1975, the most strident and militantly anti-socialist rhetoric

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[27] IPA, 'Public or Private Ownership', *IPA Review*, July-September 1975, pp. 63-66.
[28] Maurice Newman, 'Opening Remarks', Ralph Harris, *The Enemies of Progress*, Centre for Independent Studies, St Leonards, 1986, p. v.
[29] Dillon quoted in Saliesh Ghosh, 'Business and the Whitlam Government' in Patrick Weller and Dean Jaensch (eds), *Responsible Government in Australia*, Drummond Publishing, Richmond, 1980, p. 231.
[30] K. D. Williams, 'Presidential Address', p. 8.
[31] W. D. Brookes, 'Address by President', *IPA Review*, October-December 1975, p. 82.

was primarily evident amongst specific fractions of that class: most notably the Chambers of Commerce; farming capital; and those businessmen congregated around the IPA. The experience of Resources Minister Rex Connor's interventionist agenda generated hostility within mining capital. Tsokhas writes that the experience of Connor as Minister caused the Australian Mining Industry Council (AMIC) to:

> broaden its views of the organisation's tasks, and sharpened its awareness of the importance of political and ideological mobilisation by mining companies.[32]

It is important to note that capital did not always think and act as a monolithic bloc in relation to the Whitlam government. Yet, by 1975, capitalist hostility to Labor was universal, and this common enemy temporarily checked conflict within the capitalist class.[33] Furthermore, by the final year of the Whitlam government's life there was a significant minority of the capitalist class which viewed 'socialism' in Australia as a real threat to their interests.

Threats to the interests of capital were detected in areas outside of the Whitlam government also. Specifically, militant left-wing trade unions and the new social movements that arose in the 1960s were seen as posing not only direct threats to profitability but also of harbouring anti-capitalist tendencies. Mining capital in particular was concerned about the emerging environment and Land Rights movements, and the concomitant increasing social awareness of the environmental impact of mining and industry. The former held the possibility of increased state regulation of mining[34] as well as, potentially, threatening certain mining practices. The latter 'constituted the main threat to the ability of mining companies to secure exploration licenses and mining leases'.[35] Looking back in 1999, WMC CEO Hugh Morgan said that the environment movement had 'over

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[32] Kosmas Tsokhas, *A Class Apart? Businessmen and Australian Politics 1960-1980*, Oxford University Press, Melbourne, 1984, p. 85.
[33] *Ibid.*, p. xii.
[34] *Ibid.*, p. 85.
[35] *Ibid.*, p. 83.

the last 25 years changed the thinking of virtually everyone in the western world'[36] – which provides an insight into how much influence mining capital ascribed to the environment movement. The ability to tap Australia's vast uranium deposits was a major goal of the mining industry in the 1970s and has remained so ever since. This goal was threatened not only by the Land Rights and environment movement but by the peace movement also.

Late in 1974 John Elliott remarked upon what he saw as the 'greatly increased power of unions'.[37] His observation was shared by many within the capitalist class, and what disturbed them even more was what they saw as trade unions' 'increasing disposition to intervene in matters which should be the sole prerogative of the elected representatives of the people',[38] such as union bans upon uranium mining, bans on exports to Chile and the 'dangerous propaganda' of publications such as the left-wing AMWSU's 'Australia Ripped Off', which attacked the unequal distribution of wealth in Australia and called for more interventionist government measures to ameliorate this.[39]

By the 1970s, perceived anti-business sentiment was of great concern to sections of Australian capital. So much so that a number of business leaders argued that a 'defence of liberalism and of the market economy' was necessary.[40] Chairman of the Sydney Stock Exchange, John Valder, proclaimed to the IPA Annual Meeting in November 1975 that:

> The basic problem today is a conflict of philosophies. In my opinion it is a conflict between those who wish to pursue a free enterprise system in Australia and those who wish to greatly extend government control and ownership …

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[36] Hugh Morgan quoted in Ashley Lavelle, 'The Mining Industry's Campaign Against Native Title: Some Explanations', *Australian Journal of Political Science*, Vol. 36, No. 1, 2001, p. 116.
[37] John Elliott, 'Address by John D. Elliott', *IPA Review*, October-December 1974, p. 84.
[38] IPA, 'A State Within a State', *IPA Review*, July-September, 1976, p. 49.
[39] IPA, 'Dangerous Propaganda', *IPA Review*, April-June, 1979, pp. 21-22. See also AMSWU, *Australia Ripped Off*, AMSWU, Sydney, 1979.
[40] Roderick Carnegie, 'Address', *IPA Review*, October-December, 1973, p. 86.

> What we've got to do is go out in the community and prove to
> other people why free enterprise is so vital to the prosperity of
> Australia and everyone who lives init. It is our task to convince
> other people of the merits of free enterprise.[41]

K. D. Williams, President of the ACC echoed these sentiments:

> … many would agree today, that business is being called upon to
> justify its actions, and indeed its very place in the social structure,
> more than in times gone by …
>
> Expressions of anti-business sentiment seem to be part of an
> international phenomenon at the present time. There is generally a
> restlessness and uncertainty about our social and economic systems
> and business is, I believe, made the scapegoat for much of what
> people feel is wrong in Australia and the western word today … it is
> apparent that the business community must take a much more active
> role in putting a case before the public – a case for a better
> understanding of the part business plays in society and in the lives of
> all of us.[42]

That such sentiments were much more than mere rhetoric is demonstrated
by a number of attempts by capital at public opinion management. The
ACC, for example, established an 'Economics Education Campaign' in
1972.[43] The campaign was but one of a number of similar economics
education campaigns being undertaken by Australian employer
associations, which aimed to 'carry a free enterprise message … to
secondary schools and colleges across Australia'.[44] Another response to
the perceived threat to capitalism was the foundation in 1976 of
Enterprise Australia, a pro-business think tank.[45] Also in the 1970s,

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[41] John Valder, 'Address By John H. Valder', *IPA Review*, October-December, 1975, p. 87.

[42] K. D. Williams, 'The Image of Business in Australia Today', *ACC Business in the Community Speakers Kit*, MLMSS 5807-6571, Box 30.

[43] Alex Carey, *Taking the Risk out of Democracy*, UNSW Press, Sydney, 1995, p. 112.

[44] *Ibid.*, p. 113.

[45] *Ibid.*, pp. 87-88.

Australian corporations began to turn increasingly to professional public relations firms to counter perceived threats to their interests. Concerned about the growing influence of the environment movement upon public consciousness and government policy, the Australian Mining Industry Council (AMIC) commissioned a public relations firm in 1972 to provide it with strategic options. The firm recommended that the mining capital make strategic use of the media to promote an image of itself as an environmentally responsible industry and that it distribute propaganda to schools promoting a similar message.[46] Furthermore, the AMIC resolved to counter the industry's negative publicity through:

> Use of sympathetic scientists, academics etc, to counter claims of environmentalists in the media. Debate on national programmes such as 'Monday Conference' to put the industry's point of view.[47]

It is clear then that by the late 1970s, sections of capital were concerned about public attitudes towards private enterprise and believed that support for public opinion management of various kinds was an effective way of addressing this. A significant minority within the capitalist class, and mining capital in particular, saw the growing influence of social movements and militant trade unions as threats to their continued profitability, and some even viewed the system of private property ownership as under threat.

This was in addition to the general consensus within capital upon the need for reduction in regulations and taxation and for a lessening of the power of trade unions. Clearly, capital was heading for a collision course with key elements that underpinned the Keynesian full-employment regime. Some sections of capital, such as the mining, finance and farming industries, as well as small business, felt this more acutely than others. Not surprisingly, these sectors would be crucial to the emergence of the radical neo-liberal movement from obscurity. However, despite the general consensus on some issues, there were other issues, which, as

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[46] Kosmas Tsokhas, *A Class Apart?*, p. 80.
[47] Quoted in Kosmas Tsokhas, *A Class Apart?*, p. 80.

we shall see, would cause deep divisions within the capitalist class during the 1980s. Some capitalists still saw their interests as tied to the institutions of protectionism and arbitration that had underpinned the labour-capital accord, and this was the basis for conflicts within the capitalist class and for the radical neo-liberal movement's hostility towards these sections of capital. It is worth briefly outlining the conditions conditioning attitudes of some of the key fractions of capital in Australia. For the purposes of this thesis, fractions within the Australian capitalist class will be identified roughly by economic sector. This is because, as John Wanna argues:

> While possibly remaining competitors within the sector, related business entities share a similar set of structural needs. Such needs tend to unite business as sectoral groupings, rather than as an entire business sector.[48]

In addition, as will become evident, monopoly capital constituted an important and identifiable fraction of capital at the time.

Finance capital

Integral to the democratic capitalist post-war order was the containment of finance capital through the Bretton Woods institutions and international exchange controls. While it delivered a stable basis for capitalist reconstruction and access to new markets in Europe, Asia, Africa, South and Central America, and while states were committed to its maintenance, this system was tolerated by finance capital internationally. By the mid 1970s the logic of capital accumulation, the global profit slowdown and oil crisis meant that finance capital increasingly saw that its interests lay in the dismantling of these regulatory regimes. Cracks began to appear in the Bretton Woods controls following a number of decisions by US administrations in the early 1970s which partially

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[48] John Wanna, 'Business Needs and Business Interests' in Stephen Bell and John Wanna (eds), *Business-Government Relations in Australia*, Harcourt Brace Jovanovich, Sydney, 1992, p. 30.

deregulated the US financial sector.[49] Stephen Bell refers to this phenomenon as the 'break out of finance capital'— an apt description because these decisions added momentum to the push by finance capital to dismantle the controls regulating their activity in other countries, including Australia.[50] Further adding to this momentum were those international banks 'flush with funds' following deposits of oil profits from OPEC oil producers after the oil price rise in 1973 and who were looking for investment opportunities with their newly acquired capital stocks.[51] Australian finance capital saw domestic regulations upon the sector as inhibiting their ability to profit from the new economic dynamics unleashed by the breakdown of the Bretton Woods system. Further adding to this impetus for deregulation were the many inefficiencies that existed within the Australian system of regulations upon the finance sector at the time.

Mining and farming capital

Doug McEachern has analysed the support of both mining and farming capital for the 'new right'. His analysis provides a useful way of understanding the specific dynamics within these sectors of capital that led them to mobilise for a neo-liberal restructuring of the state. McEachern argues:

> The mining and farming sectors have share a number of economic features. Both are heavily involved in exports, both use expensive imported manufacturing equipment, both use relatively small quantities of labour but are angry about the role of unions, especially, especially in transport and the docks, both have been involved in significant confrontations with trade unions.[52]

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[49] Stephen Bell, *Ungoverning the Economy*, pp. 103-104.

[50] Stephen Bell, *Ungoverning the Economy*, p. 101.

[51] David Meredith and Barrie Dyster, *Australia in the Global Economy*, p. 241.

[52] Doug McEachern, 'Political Parties of Business: Liberal and National' in Stephen Bell and John Wanna (eds), *Business-Government Relations in Australia*, pp. 88-89. See also McEachern's analysis in Doug McEachern, *Business Mates: the Power and Politics of the Hawke Era*, Prentice Hall, Sydney, p. 52.

These factors aligned mining and farming capital against both manufacturing capital and the broad trade union movement over the issues of protection and arbitration.

Mining capital in particular – and farming capital to a lesser extent – had developed by the last quarter of the century, a close relationship with finance capital. Indeed, there has been a partial integration of the two. Not only did mining companies depend upon domestic financial institutions to facilitate the investment of foreign capital crucial to Australian mining projects. This integration, what Tsokhas describes as a 'close coalescence'[53] between mining and banking capital, certainly lead to a convergence of interests with regard to the desirable role of the state.

Small business

As McEachern argues, wages tend to form a large portion of the expenditure of many small businesses.[54] Furthermore, as Boris Frankel notes, small businesses are less able than large corporations to 'absorb higher wage costs and taxes'.[55] Small business thus had a direct interest in opposing the institutions of arbitration, which tended to pass on the benefits – in terms of wage rises and improvements in conditions – to all workers in an industry. When this is considered alongside the fact that small businesses often have little direct experience of negotiating with trade unions, then it is clear that the small business sector was subject to material conditions which would predispose them to sympathy with at least the rhetoric of the radical neo-liberals.[56]

Manufacturing Capital

[53] Kosmas Tsokhas, *A Class Apart?*, p. 117.
[54] Doug McEachern, *Business Mates*, p. 52.
[55] Boris Frankel, *When the Boat Comes in: Transforming Australia in the Age of Globalisation*, Pluto Press, Annandale, 2001, p. 46.
[56] Doug McEachern, *Business Mates*, p. 52; Boris Frankel, *When the Boat Comes in*, pp. 46, 60.

By the late 1960s, much of Australian manufacturing capital was under increasing competitive pressure from abroad. A combination of the sheltering effects of protection (both tariffs and import quotas) and the rapid industrialisation of many Asian countries meant that many Australian manufacturers had come to rely upon protection to ensure their competitiveness. In the textile, clothing and footwear industries, low wage manufacturing in Asia was a threat,[57] whilst the high-tech production of Japan and South Korea threatened the motor vehicle industry. It was thus not in the short term interests of much of Australian manufacturing capital to support rapid and severe tariff reductions, such as the zero-tariff regime advocated by the radical neo-liberals.

As manufacturing capital declined as an employer and producer of wealth within the Australian economy, its 'privileged policy position'[58] began to erode. It was by tying itself to the Arbitration system that manufacturing capital, through its peak associations such as the Confederation of Australian Industry (CAI) and Metal Trades Industry Association (MTIA), sought to maintain political clout and legitimacy. This was made easier because, although sharing the general hostility of the capitalist class towards trade unions and the institutions of arbitration and wage fixation, many manufacturers had 'developed strategies to cope with the problems caused by their unions'.[59]

Monopoly capital

Monopoly capital, that is Australia's largest companies, had a clear interest in the state project of neo-liberalism. Because of their size relative to the Australian market, whether they be mining, finance, media or manufacturing companies, in order to expand their operations and increase their profits, they needed access to markets beyond the confines of Australia. Monopoly capital thus had an interest in the internationalisation of the Australian economy, and its further exposure to the discipline of globalisation.

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[57] Stephen Bell, *Ungoverning the Economy*, p. 210.
[58] Stephen Bell, *Ungoverning the Economy*, p. 213.
[59] Doug McEachern, *Business Mates*, p. 53.

Other capital

Other sections of capital also had an interest in broadly neo-liberal changes to capital-state-labour relations. Retail capital, for example, was constrained by regulations governing hours of trading. The construction industry was keen to see militant unions disciplined. Export-focused industries were naturally disposed towards neo-liberalism, and the Tourism sector, with its seasonal nature, saw advantages in a deregulated labour market. For media owners, regulations governing Australian content on television and cross-media ownership laws were a hindrance to profitability and expansion. Media capitalists saw the advantages, in terms of lower costs and higher productivity, that would flow from deregulating labour laws. Further evidence for this is given by Kaptein who argues that Australian 'conglomerate builders' who took 'advantage of the liberal availability of foreign capital to build and expand their empires' also 'acquired an important stake in Australia's media'.[60]

The capitalist class is not monolithic. Within each sector and within each industry it is possible to find exceptions to the general material conditions outlined above. For the present study it is important to be aware of these exceptions because there have been isolated capitalists within sectors generally hostile to the radical neo-liberal movement that have been strong supporters of the movement. John Elliott of manufacturer IXL, for example, was himself a radical neo-liberal activist and supporter of the movement. Furthermore, some companies had contradictory interests with regard to the radical neo-liberal agenda, as their activities were diversified among more than one sector of the economy.

Contesting hegemony: mobilisation and conflict within the capitalist class

The breakdown of the hegemony of welfare capitalism and domestic defence precipitated a mobilisation by key fractions of capital Australia during the 1980s

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[60] Ed Kaptein, 'Neo-Liberalism and the Dismantling of Corporatism in Australia', p. 104.

and into the 1990s. This mobilisation was initiated by a 'neo-liberal coalition', or what Kaptein describes as a 'neo-liberal power bloc', which set out to construct a new state project and new relations of forces out of the ashes of the Keynesian welfare state.[61]

Initially the coalition of interests aggressively pushing the neo-liberal restructuring of the Australian state centred around finance capital, export oriented sectors such as mining and farming capital, small business sectors, with a smattering of others drawn from the ranks of the retail, manufacturing, media/entertainment, construction and tourism sectors. Added to this was monopoly capital, represented through the Business Council of Australia (BCA), who, like in other western countries, led what Galbraith calls a 'revolt of the rich'.[62] The major vehicles for this mobilisation of capital were employer associations, particularly the National Farmers Federation (representing pastoral and agrarian capital), the Australian Chamber of Commerce and its affiliates (representing small to medium sized enterprises), the Business Council of Australia (representing Australia's eighty largest companies), COSBOA (small business) and the rogue Australian Federation of Employers (AFE), which will be discussed later. Others, associations such as the Housing Industry Association (HIA), Retail Traders Association (RTA) and the Australian mining Industry Council (AMIC) and individual capitalists such as Hugh Morgan, Arvi Parbo, John Elliott and Charles Copeman played a part in this mobilisation, but the aforementioned employer associations were the main vehicles for the capitalist advocacy of neo-liberalism.

However, as the Australian state and economy came to be set on a broadly neo-liberal course, 'globalisation as discipline'[63] ensured that it was in the short term interests of Australian capital as a whole to support and argue for the extension of such changes. Nonetheless, particularly during the transitional phase from

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[61] Stephen Bell, *Ungoverning the Economy*, pp. 81, 116-117; Ed Kaptein, 'Neoliberalism and the Dismantling of Corporatism in Australia', p. 103.
[62] Galbraith in Stephen Bell, *Ungoverning the Economy*, p. 81.
[63] Dick Bryan and Michael Rafferty, *The Global Economy in Australia: Global Integration and National Economic Policy*, Allen and Unwin, St. Leonards, 1999, pp. 12-17.

welfare capitalism to neo-liberalism (during the early to mid 1980s) those elements of the capitalist class advocating the rapid neo-liberal transformation of the state came into conflict with sections of their own class still wedded to aspects of domestic defence. At the same time, those sections of capital allied to the old order desperately defended their immediate economic interests amid a rapidly changing political and economic climate. Inter-capitalist conflict broke out.

The tactics adopted during this mobilisation varied according to employer association and industry. Militant, confrontational and activist tactics and language were adopted by the ACC, COSBOA, the NFF as well as by a number of mining companies and their CEOs. These ranged from direct confrontations with trade unions, to the organisation of rallies and protests, to the formation of the rogue employer associations, such as the AFE. The industrial relations context of the mid 1980s is well documented, however the conflicts that occurred between capital and labour during this period are best understood as part of a broader struggle by sections of capital to transform the state and economy more generally. This neo-liberal capitalist mobilisation had a militant and a more moderate wing. Whilst there were many employer associations involved with both wings of the mobilisation, only the key associations will be discussed here. Those in the militant camp that will be discussed are the NFF, ACC, COSBOA and AFE and those in the moderate wing are the BCA and the AMIC. Although most members of associations such as the CAI and MTIA agreed with the general push towards deregulation, cuts to government expenditure and taxation, they failed to mobilise effectively on these issues and they opposed the neo-liberal capitalists on the issues of labour market deregulation and tariffs.

The Militant wing

The rationale of militant wing of the neo-liberal capitalist mobilisation was to challenge the hegemony of welfare capitalism and domestic defence. Its primary strategy for achieving this during the 1980s but also, as was evident from the

MUA dispute, into the 1990s,[64] was to shift political debate in Australia further to the Right and to undermine the power of trade unions and the hold of the institutions of Arbitration. Rick Farley, former Executive Director of the NFF outlines the way the NFF attempted to do this:

> the position that NFF deliberately took in those days was to be further to the Right and therefore draw the debate to the Right and create a new centre.[65]

By making radical and provocative statements, by creating public spectacles and by manufacturing a support base for such statements and spectacles, the militant capitalists helped to create a climate of opinion in which previously radical ideas seemed reasonable. Andrew Hay explains this strategy:

> It's a question of climate of opinion. Therefore, if Andrew Hay and others are at the extreme edge of the debate and the Labor Party were at the other end, then they [Labor] could quite comfortably move into the middle — the middle prior would have been the end of the spectrum. So, it's shifted the whole spectrum and allowed them [Labor] to do things, while still saying that there are dangerous right wing ideologues out on the boundary of the debate.[66]

A number of confrontational tactics were employed to realise such a political shift. Most notably, the militant capitalists engaged in a number of direct confrontations with trade unions which were designed to have political ramifications beyond the immediate workplaces in question. During the Dollar Sweets, Robe River and Mudginberri disputes common-law suits were taken out against trade unions. These disputes were heralded by the militant capitalists and the radical neo-liberal movement as groundbreaking, and they urged other

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[64] Planning for this began in 1996. See Helen Trinca and Anne Davies, *Waterfront: The Battle that Changed Australia*, Doubleday, Milsons Point, 2000, pp. 29-32.
[65] Rick Farley, interview with the author.
[66] Andrew Hay, interview with the author.

employers to adopt similar tactics. This was viewed as ground-breaking by the militant capitalists as well as by the radical neo-liberal movement because, since the gaoling of union leader Clarrie O'Shea in 1969, the Arbitration Courts had been unwilling to use the full extent of the powers available to them to prosecute recalcitrant unions. That such powers had not been used until the 1980s was often cited by radical capitalists and radical neo-liberals as evidence of collusion by the 'industrial relations club' to protect the interests of its own members. Both the Dollar Sweets and Mudginberri disputes were underwritten by employer associations – the ACC and NFF respectively[67]— who were part of the radical wing of the neo-liberal capitalist mobilisation, whilst the Robe River dispute was undertaken by mining company Peko-Wallsend and spearheaded by its CEO, Charles Copeman. In the eyes of both the militant capitalists and the radical neo-liberal movement, the broader significance of these conflicts was twofold. Firstly, it demonstrated that employers need not be fearful of confronting militant trade unions. Secondly, it threw up a challenge to the consensus-based approach articulated by the Hawke government, the ACTU leadership and those employer associations such as the CAI, ACM and MTIA wedded to the arbitration process.

In the industrial disputes of Mudginberri, Dollar Sweets, Robe River and SEQEB, the primary motivation behind the corporations' confrontation with the trade unions was immediate economic self-interest. Nonetheless, the militant capitalists also saw these disputes as vehicles for furthering their broader neo-liberal agendas. They hoped that by sponsoring confrontation against 'repressive behaviour by unions',[68] other employers would be emboldened to do the same. By agreeing to underwrite the costs of key industrial disputes, organisations such as the NFF and the Melbourne Chamber of Commerce were not merely protecting the interests of their own members, they were actively trying to reshape the Australian political landscape and key institutions of the Australian state. Furthermore, by working outside of the institutions of Arbitration they hoped that the authority of the Arbitration system as a whole would be undermined and that issues of trade union power and 'restrictive work practices'

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[67] Anon., 'You Can't Get Us We're Part of the Union', *The Optimist*, November-December 1985, p. 5.
[68] Andrew Hay, interview with the author.

would be put on the public and political agendas. For the leadership of organisations such as the NFF and ACC, these conflicts were part of a long-term process of undermining the power of the organised working class in Australia. Nothing exemplifies this more than the NFF's Fighting Fund. The Fighting Fund was a pool of money set aside by the NFF, and added to by private donations, to be used for their 'conscious positioning out to the Right to draw the [political] debate more to the Right'.[69] As NFF Executive Director Andrew Robb exhorted to Australian business leaders 'We need money to change attitudes and win issues'.[70] In 1985 Andrew Robb claimed that the fighting fund stood at over $1 million,[71] and the plan was to increase that to $10 million.[72] In addition to underwriting the costs of the Mudginberri dispute, the fighting fund was used to fund other industrial disputes that the NFF was supporting.[73] From its formation in 1979, the NFF involved itself in a number of militant confrontations with trade unions, and this was to culminate with the Waterfront dispute of 1998.[74]

The NFF's fighting fund was part of a broader campaign by the NFF. In February 1986 it initiated a Direct Action Strategy Group which contracted a former Army Brigadier, Peter Badman, to advise on the merits of various types of direct actions[75] (the NFF would again turn to former military personnel in their campaign against the Maritime Union (MUA) of Australia during the waterfront Dispute of 1998).[76] The Group planned a number of actions for 1986, including blockades, picket breaking, the targeting of MPs in marginal seats, phone-ins to and harassment of MPs and public servants, refusal to make compulsory superannuation payments to Superannuation trusts with trade union representation as well as boosting the fighting fund to $10 million.[77] At a Fund

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[69] Rick Farley, interview with the author.

[70] Andrew Robb, *The Rural Economy: Discontents and Remedies*, Speech Notes for Address to CEDA National Issues Seminar, 3 June, 1986, Noel Butlin Archives Centre (hereafter NBAC), N143/51.

[71] Andrew Robb, *Address to Gympie Farm Community Rally*, 25th October, 1985, NBAC, N143/51.

[72] Andrew Robb, *Memo to NFF Executive*, 24th February, 1986, NBAC, N143/35.

[73] Andrew Robb, *Address to the Cattlemen's' Union Annual Convention*, Brisbane, 5th August, 1987, NBAC, N143/51.

[74] See Helen Trinca and Anne Davies, *Waterfront: The Battle that Changed Australia*.

[75] Andrew Robb, *Memo to NFF Executive*.

[76] Helen Trinca and Anne Davies, *Waterfront: The Battle that Changed Australia*.

[77] Andrew Robb, *Memo to NFF Executive*.

Raising dinner in Toowoomba in 1986 McLachlan outlined the NFF's Direct Action strategy, saying 'civil disobedience will be the key'.[78]

The direct actions strategies undertaken by the NFF were well organised. Through their affiliates, the NFF tapped into large networks of farmers willing to vent their anger against the Labor government, trade unions and public servants. During 'Operation Canberra Phone In', for example, which targeted federal politicians and bureaucrats over the issue of high interest rates, the NFF provided farmers with extensive lists of contact numbers for public servants and MPs in marginal seats as well as possible 'one liners' that could be used by farmers to register their protest.[79] A measure of how successful this mobilisation was is evident from an NFF press release claiming Telecom reported that approximately 83,000 calls above the average to Canberra during the two-and-a-half days of the protest.[80]

During 1985 and 1986 the NFF also supported and helped organise a number of 'farm rallies' both in rural areas and in Canberra. To coincide with the tax summit the NFF organised an estimated 30,000 strong rally outside parliament House, Canberra on 1 July 1985.[81] At the Canberra rally NFF president, Ian McLachlan, said farmers would 'fight to the death' on the capital gains tax and that:

'We will never give in. If the government wants to legislate on these subjects then let them do it and bear the political consequences'.[82]

[78] Anon., *Speech Notes for National Farmers Federation President, Mr Ian McLachlan*, Fund Raising Dinner, Toowoomba, Queensland, 21st February, 1986, NBAC, N143/35.
[79] Andrew Robb, *Memo to NFF Chief Executives and Member Organisations*, 11th March 1986, NBAC, N143/35.
[80] NFF, 'Farmers Phone-in Protest Clear Message to Federal Government', Media Release, 20th March, 1986, NBAC, N143/35.
[81] Michael Lawrence, 'Farmers Set for Battle over Costs and Taxes', *Sydney Morning Herald,* 2nd July, 1985, p. 5, Don Wilkinson, 'Farmers Rally Against Government Policies', *The Optimist*, November-December, 1985, pp. 6-7. Wilkinson estimated the size of the rally to be 50 000 people.
[82] Michael Lawrence, 'Farmers Set for Battle over Costs and Taxes', p. 5.

Also taking direct action during the period under study (but again primarily during the mid 1980s) was the petit bourgeoisie. As part of his attempts to build support for the formation of the Australian Federation of Employers, John Leard organised a series of 'Business Survival Rallies' in early 1986, aimed at attracting small business owners.[83] The Small Business Association (NSW) also organised a series of rallies in regional centres in early 1986.[84] Small business was also active around elections. In the 1985 Victorian State elections businessmen Frank Penhalluriak and Bob Wolstenholme, both of whom had been prosecuted for opening their stores on weekends, stood for the Weekend Trading Party.[85] Around the same time Small Business People (SBP) was formed, standing a candidate against NSW Premier Barrie Unsworth in the Rockdale by-election in 1986 (which Unsworth narrowly won by 27 votes) and supporting independent candidates in by-elections in the seats of Heathcote and Bankstown.[86] SBP saw itself as the 'activist wing' of the small business movement, and, under its accountant president, Paul Greenwood, claimed to have 'nearly 30 "incorporated" branches in NSW.[87] Its activist orientation was reflected in its rhetoric such as the following description of its origins:

> SBP grew out of the need for small business people to actually get
> down to the "coal face" of political activism and fight for the survival
> of Small Business.[88]

A small cadre of doctors, led by Bruce Shepherd, would also adopt militant tactics during the mid 1980sin defence of private health care, and in opposition to Labor's Medicare proposals.

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[83] David Plowman, 'Economic Forces and the New Right: Employer Matters in 1986', *Journal of Industrial Relations*, March 1987, Vol. 29, No. 1, p. 85.
[84] Anon., 'The Right Agenda', *The Optimist*, January-February, 1986, back cover; Anon., 'Small Business People, *The Optimist*, July-August, 1987, p. 4.
[85] *The Optimist*, March-April, 1985, p. 17.
[86] Mark Coultan, 'The Little Capitalists Worry the ALP', *Sydney Morning Herald*, 14th January, 1987, p. 4; Anon., 'Small Business People', *The Optimist*, July-August, 1987, p. 4.
[87] Anon., 'Small Business People', p. 4.
[88] *Ibid.*, p. 4.

The issue that brought the various aspects of these populist mobilisations together was the short-lived 'Joh for PM' campaign of 1987. Across the country, farmers and small business owners rallied to hear speakers such as John Leard, Bruce Shepherd, Des Moore and Joh Bjelke-Petersen himself extol free market populist rhetoric.[89] However, the campaign was unable to attract substantial business support. Doug McEachern notes that 'There was no sense in which even the most 'new right' of business figures was willing to line up openly with the Joh campaign'.[90] Although initially supportive of the campaign, NFF president Ian McLachlan later withdrew this endorsement.[91] Militant capitalists were less keen to support direct action initiatives that they could not directly control.

A number of employer associations, and at least one union, were formed as part of the neo-liberal capitalist mobilisation in the mid 1980s. The aim of forming such groups was to destabilise, undermine, challenge the arbitration system and the groups wedded to it. During the SEQEB dispute Wayne Gilbert helped establish the Queensland Power Workers Association, the purpose of which, according to Simmons and bramble, was to 'marginalise the Electrical Trades Union'.[92] According to Gilbert 400 workers joined the 'many of whom were by this time solidly hostile to the union [the ETU]'.[93] In 1986 the National Transport Federation (NTF) was formed to challenge the dominance of the Australian Road Transport Federation (ARTF) and the Australian Road Transport Industrial Organisation (ARTIO) within the transport industry. Paul Gaynor, a protagonist from the Dollar Sweets dispute was its first CEO, and the group adopted a militant industrial relations ideology. Along with the Long Distance Road Transport Association (LDRTA) they mobilised owner drivers and small fleet

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[89] Gerard Henderson, 'Beware False Prophets of the Lunar Right', *Sydney Morning Herald*, 15th January, 1991, p. 11; see also advertisements for Bjelke-Petersen's Newcastle, Albury and Narrabri rallies in *The Optimist*, January-February, 1987.
[90] Doug McEachern, *Business Mates*, p. 92.
[91] Doug McEachern, *Business Mates*, p. 92.
[92] David Simmons and Thomas Bramble, 'Workplace Reform at the South East Queensland Electricity Board, 1984-1994, *Journal of Industrial Relations*, Vol. 38, No. 2, June 1996, p. 222.
[93] *Ibid*., p. 222.

owners to undermine the leading employer associations within the transport industry.[94]

Perhaps the most important of these rogue groups was the Australian Federation of Employers (AFE). Formed in early 1986, the AFE brought together leading radical neo-liberal activists and militant capitalists from the small business and farming sectors. The National Farmers Federation was one its major financial supporters. From the outset the AFE had a clear ideological character. At meetings of business representatives in February 1986 where the initial proposal for the establishment of the AFE was put, the role of the body was suggested as being for the 'Preservation and development of the Private Enterprise ethic in Australia'.[95] Delegates at this meeting were informed that: 'Australians need to be reminded that as Private Enterprise and Democracy go hand in hand, so too does <u>Socialism</u> and <u>Servitude</u>'.[96] Promotional leaflets described the AFE's objectives 'To unite and nationally voice the concerns of supporters of Private Enterprise in Australia'.[97] Such strident ideological polemic was mirrored in the AFE's combative press statements. The March 1987 National Wage Case Decision was described by Andrew Hay as 'a sell-out to the trade union movement' and the Arbitration Commission as 'lining in a fool's paradise, oblivious to Australia's rapidly increasing spending'.[98] Acting AFE chairman Peter Boyle sounded a call for business to unite against the Labor government's proposed industrial relations legislation:

> Business people and farmers who have fought hard to defend the
> legal rights of business are not going to take the government's
> actions lying down. We intend to fight this issue out in the
> electorate and make sure that ordinary men and women realise the

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[94] Bradley Bowden, 'Employer Association in Road Transport', in Peter Sheldon and Louise Thornwaite, *Employer Associations and Industrial Relations Change: Catalysts or Captives?*, Allen and Unwin, St. Leonards, 1999, pp. 102-103.
[95] Anon., *Australian Federation of Employers: Profile of Organisation*, Australian Federation of Employers National Conference Agenda Papers, 27th February, 1986, NBAC, Z383/4.
[96] *Ibid.*
[97] AFE, *Leaflet*, NBAC, N143/286-288.
[98] AFE, *National Wage Case Decision*, Press Release, 10th March, 1987, NBAC, N143/286-288.

gravity of the government's sell-out to the vested interests of the union movement.[99]

But the AFE's activities were not confined to strident rhetoric. The organisation's goal was to 'establish a campaign for change and to tackle the Confederation of Australian Industry head on'.[100] It aimed to undermine the legitimacy of the CAI as the major voice for employers and attempted to shift business opinion and attitudes towards militancy to the Right. The reasons for this were twofold. Firstly, although the CAI had a large and varied membership (not surprising given that it was an 'association of associations'),[101] it was perceived as controlled by manufacturing interests. There is some truth to this, for although small business accounted for 85 per cent of the CAI's membership, when the Australian Chamber of Manufacturers (ACM) disaffiliated from the CAI, it took with it a quarter of the Confederation's revenue (ironically, manufacturing groups viewed the CAI as ineffective in halting the erosion of tariffs).[102] Secondly, the CAI was viewed as part of the 'Industrial Relations Club' for its willingness to work within and support the framework of the system of Arbitration.

A number of tactics were employed by the AFE to further its aims. Its initial 'Profile of Organisation' described the AFE as 'an action organisation, not simply a reaction group' and stated that the leader of the organisation 'will develop attack strategies to deal with the immediate areas of concern'.[103] Initial momentum and support for the group was generated through a series of public rallies in Sydney, Brisbane and Melbourne which attracted 2,000, 1,000, and 700 people respectively.[104] As the 'Profile of Organisation' suggests, confrontational, activist tactics were not eschewed by the AFE. A campaign against the Hawke

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[99] Peter Boyle, *ASBA Condemns Industrial Legislation*, Press Release, 14th May, 1987, NBAC, N143/286-288.
[100] Andrew Hay, interview with the author.
[101] Peter Sheldon and Louise Thornwaite, *Employer Associations and Industrial Relations Change*, p. 26.
[102] *Ibid.*, pp. 28-29.
[103] Anon., *Australian Federation of Employers: Profile of Organisation*.
[104] Alex Brown, *Memorandum to Members of Executive Committee and Secretaries of State Divisions*, 27th March, 1986, NBAC, Z383/4.

government's proposed Fringe Benefits Tax was organised as well as the 'Canberra Business Summit' to coincide with and challenge the Labor government's Tax Summit.

The AFE did not confine its activities or public statements to industrial relations. Rather, it set out to articulate neo-liberal alternatives to policies being put forward by the Labor government, the ACTU, the Wets inside the Liberal Party and those employer associations tied to the institutions and processes of arbitration. In press releases the AFE outlined means for slashing government expenditure by $3-$4 billion through the restoration of 'incentives to work'.[105] Such 'incentives' included the restriction of social security payments to 'a maximum of 10 weeks in any one year' and the cessation of family allowance payments for a family with two children once the family income reached $25,000. Other radical neo-liberal policy proposals advocated by the AFE included the reintroduction of higher education fees and the abolition of Medicare.[106] The AFE's most comprehensive articulation of radical neo-liberal policy alternatives occurred through its sponsorship and guidance of the National Priorities Project (NPP), which is discussed in the next chapter.

Those employers involved in the militant wing of this mobilisation were, by and large, also those who were marginalised by the Accord process. Among these capitalists, reports Andrew Hay, 'a great deal of coordination'[107] occurred and a network of radical neo-liberal capitalists developed. A key forum for the development of this network was the H. R. Nicholls Society, however the network of radical capitalists also operated as a means of providing concrete support in anti-union struggles. Law firm Kroger and Kroger for example, home of movement activist lawyers Michael Kroger and Peter Costello, was the law firm of choice after their victory in the Dollar Sweets dispute. Western Mining's CEO Hugh Morgan was, according to Andrew Hay, 'strongly supportive of the

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[105] AFE, *Public Statement by Canberra Business Summit*, 4th June, 1986, NBAC, N143/286-288.
[106] Peter Boyle, *ASBA Condemns Mini Budget*, Media Release, 13th May 1987, NBAC, N143/286-288.
[107] Andrew Hay, interview with the author

Chamber of Commerce and the things that it was doing'.[108] In 1984 the NFF, AMIC and ACC met to establish 'closer links on issues of common interest' and agreed to 'closer liaison and to "informal" joint action on mutually supportable policies'.[109] Although the AMIC was not as publicly strident and militant as some other capitalists, behind the scenes, they and individual mining capitalists, such as Hugh Morgan, supported the militant capitalist mobilisation.

Conflict and consensus within the capitalist class

Such neo-liberal agitation brought the militant capitalists into conflict with other members of their own class, particularly manufacturing capital. The manufacturers were not, on the whole, philosophically opposed to neo-liberalism. Indeed, employer associations such as the CAI agreed with many aspects of the neo-liberal assault upon the Australian state, particularly reductions to taxation, reductions in state expenditure and the curbing of trade union power and militancy. Where the manufacturers and their employer associations came into conflict with the militant neo-liberal capitalists was over arbitration and tariffs. The CAI, MTIA and ACM had pragmatic reasons for supporting such state regulatory systems. Arbitration provided them with a means of mediating industrial conflict as well as ensuring their recognition as legitimate representative bodies of capital. On the tariffs front, decades of protection without the requirement of efficiency improvements had created industries dependent upon tariffs to survive. Nonetheless economic pressures led many manufacturers to reassess their positions on these issues, although, as Bell points out:

> where they [manufacturers] have accepted the need to reduce
> protection, this has been accompanied by requests for positive
> assistance policies.[110]

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[108] Andrew Hay, interview with the author.
[109] Anon., 'Industry Finds Common Ground', *NFF Newsletter*, March 1984.
[110] Stephen Bell, 'Structural Power in the Manufacturing Sector: The Political Economy of Competitiveness and Investment', in Bell and Wanna, *Business-Government Relations*, p. 193.

To the extent that the manufacturers and their representative bodies were tied, for strategic political and pragmatic economic reasons to the institutions of the Australian settlement, they came into conflict with the militant neo-liberal capitalists.

One of the leading advocates of reductions to tariffs was the National Farmers Federation. In 1982 it argued for the reduction of tariffs to 15 per cent across the board over a 15 year period.[111] In this push it won strong support from many within the mining sector, one mining company executive describing high tariffs as 'a threat to the Free Enterprise System'.[112] While manufacturers did not reject outright the need for tariff reductions, they argued that this needed to be undertaken as part of a broader process of economic restructuring, including industry assistance. The CAI accused the NFF, with its obsessive focus on tariffs, of 'diverting attention from the real issues facing the Australian private sector'.[113] But it was the issue of industrial relations that created the greatest tensions within the capitalist class during the 1980s. Not only did farming and mining capital view the CAI, MTIA, and ACM as 'rent seekers' due to their support for tariffs, they joined a number of small business groups in labelling them part of the 'industrial relations club'. Although most employers were to come together and present a unified voice of opposition to the Hawke government's proposed industrial relations bill arising from the Hancock inquiry – which would have offered greater protection to unions who undertook strike action – the issue of industrial relations created great divisions within the capitalist class during the 1980s.

The moderate wing of the neo-liberal capitalist mobilisation

The single most important participant on the moderate wing of the capitalist neo-liberal mobilisation was undoubtedly the Business Council of Australia. Formed

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[111] *NFF Newsletter*, January 1982.
[112] L. J. Carden, 'Assistance to Industry – Protectionism: A Threat or a Promise?', Address Presented to the Australian British Trade Association Conference, Canberra, 20th April, 1983, NBAC, Z196/97/T-900.
[113] CAI, *Farmers Submission Has Doubtful Validity*, Media Statement, 22nd April, 1985, NBAC, Z196/97/T-900.

in 1983 and comprised of Chief Executive Officers of Australia's eighty largest companies, the BCA had similar broad policy goals to those of the militant wing of the capitalist neo-liberal mobilisation, but differed fundamentally on tactics. Although its broad philosophy and policy goals were neo-liberal – reflecting the needs of monopoly capital to expand beyond the borders of Australia— the BCA adopted quite a pragmatic strategy for influencing the direction of public policy in Australia.[114] It was formed in order to give big business in Australia a coherent political voice and to give it access to state actors. It did this successfully by capitalising on the privileged position of big business in order to gain the BCA access to political agenda-setters. Further, it combined this with quality, focused and well argued research that articulated an incremental neo-liberal agenda for Australia. Geoff Allen, Executive Director of the BCA in its early years describes this strategy:

> We are conscious that a number of key strategies cannot be resolved quickly and in many areas, major vested interests and entrenched attitudes and practices – even sacred cows – will have to be tackled and changed over time. An approach however which puts "a light on the hill" for guidance and direction is overdue and essential. In this way, when we deal, as we must constantly do, with the relatively trivial, short-term, ad-hoc and incremental, we are working consistently along a desired path.[115]

Such an approach was adopted for both strategic and political reasons. Strategically, such an approach was sound because it allowed the BCA to work within and extend the boundaries of political reality at the time. With a Labor government in office federally it was clear that a rapid and radical neo-liberal transformation of the Australian state was unlikely to be implemented. For example, although it later adopted a position calling for the extension of the

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[114] Peter Sheldon and Louise Thornwaite, *Employer Associations and Industrial Relations Change*, pp. 48-53.
[115] Peter Sheldon and Louise Thornwaite, '*Ex Parte* Accord: The Business Council of Australia and Industrial Relations Change', *International Journal of Business Studies*, Vol. 1, No. 1, October, 1993, p. 43.

Howard government's radical Workplace Relations legislation, during the Labor years the BCA advocated a change from the existing processes of arbitration and wage fixation to the policy of 'enterprise bargaining', still a substantial change, but much less radical than what was being advocated by the radical neo-liberal movement and by the militant wing of the capitalist neo-liberal mobilisation.[116]

Politically, the pragmatic neo-liberalism of the BCA was a necessary compromise between the sectors and ideologies represented by its membership.[117] Within the BCA were radical neo-liberals such as Hugh Morgan and Arvi Parbo, as well as a number of manufacturers who favoured a less radical approach to economic restructuring.

Also worth mentioning is the Australian Mining Industry Council (AMIC). It too advocated a broad neo-liberal agenda during the 1980s. Not surprisingly, the AMIC advocated the reduction of tariffs on imports coming to Australia.[118] It called for reductions in taxation and regulations affecting the mining industry. But the AMIC did not confine its economic advocacy to areas directly affecting the mining sector. It also advocated a broader agenda of deregulation and privatisation. However, the stridency of rhetoric and calls for huge and immediate reductions to state spending which characterised the militant wing of the capitalist mobilisation was absent from the AMIC's journal, *Mining Review*. This is despite the fact that the AMIC included among its ranks radical neo-liberals such as Hugh Morgan, Arvi Parbo and Charles Copeman.[119]

Judging from *The Mining Review*, the issues of most concern for the AMIC during this period were the environment movement and Aboriginal land rights, both of which were viewed as threatening access of mining companies to land

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[116] Anon., 'Enterprise Bargaining – Not a Choice, an Imperative', *Business Council Bulletin*, June 1990, pp. 4-9.

[117] Peter Sheldon and Louise Thornwaite, *Employer Associations and Industrial Relations Change*, p. 50.

[118] Rob Fraser, 'The Long Term Costs of Protection Policies', *The Mining Review*, September 1996, pp. 21-26.

[119] Anon., 'Budget Advice Flows: Industry Economists, Comment on the 1982-83 Strategy', *The Mining Review*, May 1982, pp. 6-7; Anon., 'Profits Down, taxes Up: Government Share in Mining Increases During Year', *The Mining Review*, March 1982, pp. 6-7; Peter Crowley, 'Reforming the Electricity Supply Industry', *The Mining Review*, May 1991, pp. 2-7.

and the former of which was viewed as a threat to the mining industry's customer base – those companies who refined and distributed fossil fuels and their associated products. In 1984 *The Mining Review* editorialised that:

> In the last decade or so the role of government at all levels has changed from one of encouragement to that of intervention. The result has been that the once relatively simple decision making process in the industry has become clogged with obstacle by a mass of legislation, regulation and bureaucratic approvals …
>
> The cause of this growing government intervention has been a combination of new issues (environmental, land rights, foreign investment to name a few) and a "perceived" need by governments to "control" the industry.[120]

So, government regulations, responding to the growth of new social movements, had led to greater restrictions being placed upon the mining industry. The editorial went on to conclude:

> As a nation we would do well to remember that nature's obstacles to minerals discovery are impressive, and that governments should resist the temptation to compound them.[121]

Although it clearly felt threatened by the growing awareness of environmental and Aboriginal issues and the consequent legislative changes that responded to such awareness, the mining industry was also very aware of its public image. A number of articles in *The Mining Review* during the 1980s and 1990s argued that a negative image of the mining industry existed within the Australian community. The solution, therefore, was to publicly affirm the mining industry's support for the preservation of the natural environment and Aboriginal rights, but to argue for legislation to be watered down and for a balanced approach to policy

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[120] Editorial, 'Balancing Goals Needs Long-range Policies', *The Mining Review*, March 1984, p. 3.
[121] *Ibid.*, p. 4.

making – which meant undermining those voices from the environment and Aboriginal rights movements who advocated greater impediments to the industry's access to land.[122] In the case of debates around the greenhouse effect the AMIC questioned the scientific credibility of the phenomenon, thus washing the industry's hands of responsibility to act.[123] The other issue to dominate AMIC thinking was the problem of reducing costs in the transport industry, which inevitably led to the issue of industrial relations and the breaking of the power of militant unions such as the SUA, WWF and later the MUA.[124]

The conflict and consensus that occurred within the capitalist class regarding neo-liberalism provide much of the context for understanding the role played by the radical neo-liberal movement in struggles for hegemony. The contours of the struggles to secure hegemony that remain to be outlined are those concerned with the state itself, the regime-level projects pursued by the major political parties, and the response by the working class to neo-liberalism.

The state project of neo-liberalism

In Australia, the state project of neo-liberalism involved a dismantling of the institutions of the early twentieth century class compromise, as well as those of the post war consensus over Keynesian welfare capitalism. Although the origins of this project can be located in various actions by the Whitlam and Fraser governments, it was not until the Hawke Labor government came to power in 1983 that neo-liberalism became state ideology. However, the state project of neo-liberalism did not simply involve a series of governmental legislation that dismantled key aspects of the welfare state. Rather, it entailed the

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[122] Hugh Morgan, 'Exploration Access and Political Power, *The Mining Review*, June 1989, pp. 26-32; Mark Rayner, 'Meeting the Challenges', *The Mining Review*, June 1989, pp. 66-69; Brian Wills-Johnson, 'Changing Community Attitudes – the Alcoa Experience, , *The Mining Review*, July 1990, pp. 37-42.

[123] Roger Braddock, 'How Real is the Greenhouse Effect?, , *The Mining Review*, August 1989, pp. 2-5; Brian J. O'Brien, 'The Toronto Greenhouse Emissions Target: Seven Scientific Flaws', *The Mining Review*, May 1991, pp. 22-27.

[124] Ron Knapp, 'The Waterfront – Can Australia Survive?', *The Mining Review*, January 1989, pp. 6-8; 'Caution on Shipping Moves: Cost Reductions Needed to Achieve Competitive Industry', *The Mining Review*, July 1982, p. 6.

institutionalisation of a neo-liberal logic within the apparatuses of the state. This ensured that, regardless of the particular regime in power at any given time, neo-liberalism would be the guiding philosophy against which most state actions would be measured. Such logic was institutionalised in bodies such as the Industries Assistance Commission, the Productivity Commission, the Economic Planing and Advisory Committee and the Australian Competition and Consumer Commission. Furthermore, the state project of neo-liberalism fundamentally altered the framework within which capitalist relations existed and were reproduced. It changed the way capitalists did business. The most obvious example of this is the deregulation of the financial sector through the floating of the Australian dollar (1983), the abolition of many foreign exchange controls (1983) and of restrictions on foreign banks operating in Australia (1985). Financial deregulation subjected Australian capitalism much more to the discipline of globalisation. This put pressure on domestic capitalists to restructure their operations in order to be competitive, and upon the Australian state to introduce further neo-liberal restructuring.

The state project of neo-liberalism was a response to four main pressures: the desire, of Australian capital as a class, to weaken the power of labour; the need by Australian capital as a class to secure conditions for increased profitability; the desire, by particular fractions of Australian capital (most notably mining, framing, finance and monopoly capital) to increase their power vis a vis labour in their own sectors and to increase their own profitability vis a vis other fractions of capital; and the discipline of globalisation, which increased significantly during the 1980s after the deregulation of finance and floating of the Australian dollar and as financial markets took increasing note of the pronouncements by credit rating agencies such as Moody's, and of supra national bodies such as the IMF. As Stephen Bell argues, 'neoliberalism is as much a political as an economic project'.[125] Neo-liberalism as a state project has brought about not only a restructuring of the Australian state and economy, but also a fundamental shift in power and resources. In the period surveyed, the size of the Australian state did not decrease (when measured as a proportion of GDP). Rather, the neo-

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[125] Stephen Bell, *Ungoverning the Economy*, p. 248.

liberal transformation of the Australian state has seen a transfer of state resources from the public to the private sector, and the redistribution of wealth upwards. It has assisted the increase of profits as a share of GDP and the concomitant decrease in the wages share. Increasingly, responsibility for 'market failure' has been shifted to citizens. Contrary to neo-liberal rhetoric, neo-liberalism in practice has meant:

> a market re-regulation to guarantee new and profitable markets to large corporations, and a social re-regulation to restrict the meaning of citizenship, where this conflicts with the delivery of profitable markets to large corporations.[126]

As Martin and Schuman argue, neo-liberalism has entailed a 'freedom struggle on behalf of capital'.[127] On the issue of industrial relations, for example, the introduction of enterprise bargaining, and later the Workplace Relations Act, regulated the labour market such that the interests of capital were further privileged. Furthermore, by exposing the Australian state and economy to the discipline of globalisation, by transferring public assets into private ownership and by subordinating policy to the institutionalised logic of neo-liberalism, the state project of neo-liberalism has curtailed the ability of the Australian state to pursue agendas that diverge significantly from the interests of the neo-liberal capitalist power bloc. Dick Bryan is thus correct to argue that neo-liberalism has entailed 'an explicit agenda to enforce the power of capital'.[128]

By the 1990s, new relations of forces had emerged around a commitment to the state project of neo-liberalism. Tariffs had already been significantly reduced and labour market deregulation was being advocated across the capitalist class. Thus, the two issues that constituted the main source of capitalist disharmony were

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[126] Tim Anderson, 'The Meaning of Deregulation', *Journal of Australian Political Economy*, No. 44, 1999, p. 18.
[127] Hans-Peter Martin and Harald Schuman, *The Global Trap: Globalization and the Assault on Democracy and Prosperity*, Pluto Press, Sydney, 1998, p. 109.
[128] Dick Bryan, 'The Rush to Regulate: the Shift in Australia from the Rule of Markets to the Rule of Capital, *Australian Journal of Social Issues*, Vol. 35, No. 4, p. 345.

largely resolved. The capitalist class as a whole was supporting the continuation and extension of the state project of neo-liberalism.

Labor and the Coalition: regime-level hegemonic projects

The Whitlam Labor government inherited a state project whose contradictions and weaknesses were gradually being exposed. Although Australia's state project of Keynesian welfare capitalism had brought continuous economic growth since the Second World War, it had also created 'an inflationary bias' within the economy. Another problem stemmed from the fact that, although the intellectual framework informing this reconstruction generally attributed to the economics of John Maynard Keynes, the reality was different. Australian economic policy was an amalgam of theoretical perspectives, inherited traditions and pragmatic agendas. As John Quiggin argues, it 'lacked any real coherence or intellectual basis'.[129] Furthermore, Australian manufacturing had developed numerous inefficiencies, at least in part resulting from decades of state commitment to tariff protections. At the same time, the radical mobilisation of students and workers in the 1960s resulted in contradictory critiques and demands of the state emanating from elements within the Labor Party. On the one hand sections of the Left critiqued the welfare state as an oppressive regulatory apparatus working in the interests of capital. On the other hand many within the Left saw a positive role for the state in providing an increased range of services and opportunities for disadvantaged groups. There was not yet anything resembling a neo-liberal counter-hegemonic movement in Australian society at the time.

This contradictory context was reflected in the legislative program of the Whitlam government. John Quiggin, again, says it contained a 'mixture of interventionist and *laissez faire* ideas'.[130] On the one hand the Whitlam government pursued a state program which put extra funds into tertiary education, abolished university fess and expanded the social welfare system. On

[129] John Quiggin, *Great Expectations: Microeconomic Reform and Australia*, Allen and Unwin, St. Leonards, 1996, p. 24.
[130] *Ibid.*, p. 25.

the other hand Whitlam cut tariffs across the board by 25 per cent, implemented limited financial deregulation and established the Priorities Review Staff within the Prime Ministers' Department and which outlined a free market agenda for the government to draw upon. The 1975 dismissal budget also contained commitments to curbing state expenditure. It was thus the Whitlam Labor government that took Australia's first steps down the path to neo-liberalism. Whitlam did not, however, not have a consistent neo-liberal philosophy nor did it have a neo-liberal vision of Australia's future.

The Fraser Liberal government that succeeded Whitlam similarly pursued a mixture of interventionist and neo-liberal policies. Although Fraser did introduce sections 45D and 45E of the Trade Practices Act— which curtailed the ability of unions to undertake industrial action – and although Fraser's razor gang identified large cuts to public expenditure as well as adopting the monetarist-inspired 'fight inflation first' strategy, this was not part of a coherent neo-liberal state project. Indeed, as Paul Kelly has argued, 'it is wrong to attack Fraser for not implementing' neo-liberal policies, because, in the early years of the Fraser government, 'virtually nobody was calling for them'.[131] Rather than attempting to secure hegemony for a coherent state project, both the Whiltam and Fraser governments were forced into managing the economic crisis that beset Australian and international capitalism during the 1970s and early 1980s.

It was under the leadership of Hawke and Keating that Australian governments first embraced and vigorously pursued the state project of neo-liberalism. Part of securing electoral hegemony for themselves was the need also to secure hegemony for this broader state project. It was through a One Nation hegemonic strategy that this was attempted. Labor's One Nation strategy was inclusive through its 'consensus' approach, its promise of the social wage and its legitimation of some of the less radical demands of social movement and minority groups.

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[131] Paul Kelly, *The End of Certainty*, p. 38.

As stated in Chapter One, Labor's One Nation strategy was an attempt to minimise the inevitable conflict arising from their implementation of the state project of neo-liberalism. The key to this was the disciplining of labour by tying the organised working class, via the ACTU leadership, into the Accord process. Under the Accord most trade unions agreed to moderate their industrial militancy and wage demands in return for the promised 'social wage'. This allowed the ALP to pursue a radical, neo-liberal restructuring of the state and economy. Successive Labor administrations deregulated the financial sector and other markets, introduced market mechanisms into the public service and corporatised some public owned enterprises whilst privatising others. Both income tax and corporate taxation rates were reduced. The 'social wage', to the extent that it was a reality, materialised in the form of measures such as the expansion of Medicare, the provision of training schemes for the unemployed, the expansion of the higher education sector and the introduction of compulsory superannuation payments by employers. However, even some of these were achieved through neo-liberal mechanisms. For example, the introduction of a partial user-pays scheme for students helped provide the basis for the expansion of higher education. Superannuation shifted responsibility for provision of retirement income, at least partially, onto individual workers. The capitalist class did not support the concept of the Accord. Nonetheless, through the pursuit of a broad neo-liberal agenda, the staging of regular business-government-labour summits and a close liaison between senior Labor ministers and key capitalists, the Hawke and Keating governments ensured that outright capitalist hostility was confined to a minority within that class. This is the essence of Labor's 'consensus' approach.

At the same time Labor committed itself, at least rhetorically, to a relatively expansive conception of rights and justice. As Frankel argues, successive Labor governments 'combined economic restructuring with anti-conservative socio-cultural policies'.[132] Such policies were framed in consultation with moderate feminist, multicultural, gay, environment and indigenous movement leaders. At

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[132] Boris Frankel, 'Beyond Labourism and Socialism: How the Australian Labor Party Developed the Model of 'New Labour'', *New Left Review*, No. 221, January-February 1997, p. 24

the symbolic level, such expansive conceptions of rights and justice were tied to a new national identity that constructed Australia as a cosmopolitan, socially diverse and economically vibrant part of the Asian region. As well as being an expression of Labor's social justice commitments, there was also a strategic dimension to its expansive conception of rights. It appeased Labor's Left factions and gained the support of numerous social movement organisations and their politically moderate leadership. It also allowed Labor to articulate a vision of Australia consistent with its embrace of new markets in Asia.[133]

There were, however, limits to the inclusiveness of Labor's One Nation hegemonic strategy. In particular there was no sympathy for working class groups that attempted to operate outside of the 'consensus' model. The militant Builders Labourers Federation, for example, was deregistered under Labor[134] and the Hawke government used military forces and supported Australian airline companies to break the Pilot's dispute in 1989. These latter two examples highlight that Labor's corporatism operated, ultimately, 'through force, not consent'.[135] Furthermore, by the mid 1990s, the One Nation strategy had been largely exhausted. The state project of neo-liberalism combined with the passivity of trade unions under the Accord had delivered real wage decreases for many workers. Ultimately, the effect of Labor's strategy was to disadvantage many people materially. The resulting anxiety and resentment felt by many was mobilised by the Coalition against Labor's socially inclusive rhetoric, particularly its expansive conception of rights on issues of multiculturalism, feminism and indigenous issues.

During their time in Opposition from 1983-1996, the Coalition gradually articulated a Two Nations hegemonic strategy. This strategy was an attempt to counter Labor's electoral hegemony while at the same time affirming the Coalition's commitment to the state project of neo-liberalism and incorporating

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[133] *Ibid.*, p. 25.
[134] Ed Kaptein, 'Neoliberalism and the Dismantling of Corporatism in Australia', pp. 101-102.
[135] John Burgess and Richard Sappey, *Corporatism in Action: the Australian Pilots' Dispute 1989*, Department of Economics Research Report or Occasional Paper No. 182, University of Newcastle, 1992, p. 2.

the traditional social and moral conservatism of the non-Labor side of politics. Perhaps the first articulation of this Two Nations strategy by the Coalition was the 1988 policy document *Future Directions*.[136] The Coalition's Two Nations strategy excluded significant sections of the population both symbolically and materially. It created an imagined mainstream community through the exclusion, through demonisation, of 'special interests' and unproductive citizens.

The rhetoric and policy program of the Howard Coalition government since 1996 has been premised upon this Two Nations hegemonic strategy. It is based upon exclusion in three ways. Materially, Howard's neo-liberal agenda entailed a transfer of wealth and power upwards, and a transfer of resources from public to private. While this was true, to some extent, of the previous Labor government, the compensatory social wage was scrapped by Howard. Unemployment assistance was made more difficult to access and more stringent regulations and greater surveillance were placed upon the unemployed. Numerous indigenous assistance programs were cut. The ability of workers to organise collectively was curtailed as were minimum award provisions. At the symbolic level, Howard's Two Nations hegemonic project entailed a vehement attack upon the notion of social justice and its defenders. This was largely achieved through the mobilisation of new class discourse. Culturally, Howard privileged a particular image of national identity, based upon a narrow and rosy interpretation of Australian history.

The hegemonic strategy employed by the Howard government is not surprising. Neo-liberal regimes have often bolstered their economic policies with a conservative social agenda. Internationally, the Two Nations hegemonic strategy has been the most common neo-liberal project. In this sense, the success of Labor's One Nation neo-liberal strategy is something of an aberration. Henk Overbeek and Kees van der Pijl explain the dynamics of this process:

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[136] For a discussion of this see Carol Johnson, *Governing Change: Keating to Howard*, University of Queensland Press, St. Lucia, 2000, pp. 38-40.

a project which consists only of liberalisation, privatisation and internationalisation (not to speak of unemployment and falling real incomes), will have the greatest difficulty in becoming hegemonic, or even, particularly in parliamentary democracies, dominant. A hegemonic project needs a 'politics of support' as much as it needs a 'politics of power'

Neo-conservatism provides the neo-liberal bourgeoisie with an effective 'politics of support': moral conservatism, xenophobia, law-and-order, the family are the themes which provided the basis for a relatively stable electoral coalition, which even today seems to have relegated social democracy to the past for good.[137]

The material, symbolic and cultural aspects of Howard's project are integrally related and have been essential to his continued electoral success. Although Howard's neo-liberal social and economic agenda have seen an exacerbation of inequality in Australia, this has been offset somewhat by limited concessions, such as the first homebuyers grant. But the real success of the Howard years has been the displacement of resentment and anxiety away from neo-liberal economics onto 'special interests' – Aboriginal groups, mulitculturalists, trade union leaders, feminists – through the use of new class discourse. By mobilising traditional images of Australian identity and nationalism, and by creating a series of 'others', Howard has been able to position the Coalition as representative of mainstream values – all the while transferring wealth and opportunities to an already wealthy minority.

The working class and neo-liberal hegemony

During the period under review, the working class was unable to pose a serious, organised threat to the state project of neo-liberalism. Indeed, significant sections of the organised working class leadership actively assisted the

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[137] Henk Overbeek and Kees van der Pijl, 'Restructuring Capital and Restructuring Hegemony: Neo-liberalism and the Unmaking of the Post-War Order', in Henk Overbeek (ed), *Restructuring Hegemony in the Global Political Economy*, p. 15.

implementation of neo-liberalism. This is despite the clear assault upon the working class constituted by neo-liberalism. The primary reason for this was the ACTU's acceptance of the conditions of the Accord structure.[138] Commitments to wage restraint and the fear of a possible Coalition government ensured that, under the Accord, the industrial militancy and advocacy of radical alternatives, that at least characterised the left-wing trade unions during the Fraser years, was largely abandoned. Under the Accord, the trade union leadership increasingly undertook the role of responsible managers of capitalism first, and representatives of the interests of their membership and distant second. During the Accord period there was a steady decline in trade union membership.

Other centres of working class resistance also offered little challenge to neo-liberalism. By the 1980s the Communist Party of Australia was but a shadow of its former self and had thrown its support behind the Accord.[139] The new social movements that were able to mobilise perhaps hundreds of thousands of people from the late 1970s until the mid 1990s were very much focussed upon their own specific issues, such as environmental protection, nuclear disarmament and Aboriginal Land Rights, but rarely upon broader issues of class power or economic ideology. As stated earlier, under Labor, some of the leaders of these movements became incorporated into the process of state policy making. Furthermore, at the time when the state project of neo-liberalism was developing a tendency was emerging on the Left that militated against a critique of neo-liberalism. The rise of postmodernism within the academy precipitated the jettisoning of class analysis, or, at best, the relegation of class to but one among many 'identities' or 'subjectivities'. What Frankel calls 'an uncritical celebration of 'popular culture''[140] spread throughout the academic Left during the 1980s and into the 1990s. With the analytical framework of class largely delegitimised, the identification of neo-liberalism as a class-based project was unlikely. The

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[138] For an extended critique of the Accord, see Peter Ewer, Ian Hampson, Chris Lloyd, John Rainford, Stephen Rix and Meg Smith, *Politics and the Accord*, Pluto Press, Leichhardt, 1991.
[139] See Boris Frankel, *From the Prophets Deserts Come*, pp. 319-320.
[140] *Ibid.*, p. 84.

demise of class analysis on the Left also opened up the discursive space for the radical neo-liberal movement's deployment of new class discourse.[141]

While the relative absence of organised opposition to neo-liberalism during the survey period is apparent, it is difficult to measure the extent to which neo-liberalism managed to secure a social base for itself during this time. Several commentators have used opinion poll and survey data to challenge the notion that neo-liberalism has become the new common sense among non-elites. Using opinion poll data conducted during the 1990s, Hayward has highlighted strong popular antipathy to the neo-liberal policies of privatisation and tariff reduction.[142] Papadakis uses survey data to conclude that 'There is no sign that public opinion … has abandoned or is in the process of abandoning, most aspects of the welfare state'.[143] That Australians have returned neo-liberal governments in every federal election since 1983 does not necessarily confirm neo-liberalism's popularity. Many aspects of the neo-liberal agenda have not been put directly to the electorate. For example, as John Quiggin points out, National Competition Policy 'has never been democratically endorsed'.[144] Because of their apparent unpopularity, argues Hayward, neo-liberal regimes in Australia have 'chosen the path of electoral deceit as a means of securing office'[145]- that is, parties have obscured the neo-liberal nature of their agendas during election campaigns. Arguably, voters have expressed their dislike of neo-liberalism via the ballot box. The 1993 election, in which the Coalition ran on an explicitly neo-liberal platform, and in which the ALP run an anti-neo-liberal scare campaign, produced a massive defeat for the Coalition, despite the general dislike within the electorate of Prime Minister Keating. In addition, as Marian Sawer argues, the 1996 federal election can be interpreted as a defeat for

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[141] See my discussion of this in Damien Cahill, 'Why the Right Uses 'Class' Against the Left', pp. 159-161. For a more detailed critique of the abandonment of class analysis by one section of the academic Left in Australia see Boris Frankel, 'Confronting Neoliberal Regimes: The Post-Marxist Embrace of Populism and Realpolitik', *New Left Review*, 226, November/December 1997, pp. 57-92.

[142] David Hayward, 'The Democratic Paradox and Socialist Strategies', *Journal of Australian Political Economy*, No. 44, December 1999, pp. 46-56.

[143] Elim Papdakis, 'Conjectures about Public Opinion and the Australian Welfare State', *Australian and New Zealand Journal of Sociology*, Vol. 26, No. 2, August 1990, p. 230.

[144] Quiggin quoted in David Hayward, 'The Democratic Paradox and Socialist Strategies', p. 55.

[145] David Hayward, 'The Democratic Paradox and Socialist Strategies', p. 55.

'economic correctness' – the 'belief in the beneficence of free markets'[146] – by a working class suffering under over a decade of the state project of neo-liberalism. Such evidence must be balanced against the support given to neo-liberalism from sections of the Australian population outside of the capitalist class. Kaptein, for example, argues that 'state employees and urban professionals' comprised part of the support base for neo-liberalism in Australia.[147] Another example of the extent of penetration by neo-liberalism of the discursive terrain of common sense is the widespread use of new class discourse, particularly the term 'political correctness'. Neo-liberal hegemony is, however, contradictory. For example, it is unlikely that the rise of Hansonism as a political force — at the end of the survey period — would have been possible had it not been for the effects that neo-liberal restructuring was having upon many rural and working class communities. Interestingly, it was new class discourse that Hanson turned against the architects of neo-liberalism in order to mobilise opinion against 'elites'.

Conclusion

This chapter has outlined the broad contours of struggles to secure neo-liberal hegemony in Australia from the 1970s until 1996. In doing so it has also examined some of the factors that led to the loss of hegemony of welfare capitalism and domestic defence among sections of the capitalist class, and to the consequent attempts to articulate a new state project and a concomitant hegemonic strategy.

This chapter has found that international pressures that led to the breakdown of the Bretton Woods system put similar pressures upon the institutions and hegemonic alliances that had underpinned the labour-capital accord and welfare capitalism in Australia. The OPEC oil crisis occurred of 1973-4 exacerbated

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[146] Marian Sawer, 'A Defeat for Political Correctness?' in Clive Bean, Marian Simms, Scott Bennett and John Warhurst, *The Politics of Retribution: the 1996 Federal Election*, Allen and Unwin, St. Leonards, 1997, pp. 73-79.

[147] Ed Kaptein, 'Neo-liberalism and the Dismantling of Corporatism in Australia', p. 104.

these pressures. Furthermore, the system of full employment had created a situation whereby capital saw a need to weaken the power of the organised working class. So, by the late 1970s, the capitalist class as a whole saw its interests lying in a broad agenda of deregulation, a weakening of the power of unions and a greater transfer of public resources to private interests.

There were also fractions of the capitalist class who saw their interests lying in a more radical restructuring of capital-state-labour relations in Australia. These capitalists – most notably finance, mining, farming, small business and monopoly capital – had as their goal the dismantling of the systems of protection and arbitration which had underpinned Australian economic development during the twentieth century. In order to achieve such ends, these capitalists mobilised. into two 'wings': a militant wing and a more moderate wing. The militant wing, represented predominantly by farming capital and small business, supported and financed confrontationalist tactics against both trade unions and those employer associations tied to the institutions of arbitration and protection. They also proposed a radical neo-liberal restructuring of the Australian state. The more moderate wing of this mobilisation, represented in this study by the Business Council of Australia and the Australian Mining Industry Council, tended to advocate a gradual neo-liberal restructuring of the Australian state and tended, at least publicly, to favour working with the government of the day to achieve such changes.

In addition, during the 1970s and 1980s, there were fractions of capital— primarily manufacturing— which, although favouring deregulation, a transfer of public resources to private interests and a weakening of trade union power, were still wedded to the institutions of arbitration and protection. These capitalists thus came into sometimes quite vituperative conflict with the neo-liberal capitalist mobilisation. By the mid 1990s, these conflicts has largely been ameliorated as the neo-liberal restructuring of the state forced Australian capital to succumb to the discipline of globalisation.

The changing dynamics of Australian and international capitalism stimulated state elites to dismantle some of the key features of welfare capitalism and domestic defence. This was the state project of neo-liberalism. Both major political parties were committed to this project, however each adopted a different regime-level hegemonic strategy for its implementation. From 1983 until 1996, successive Labor federal governments pursued a One Nation hegemonic strategy which relied upon an expansive conception of rights and justice as well the promise of the 'social wage' in return for the labour movement's acceptance of industrial discipline. This allowed Labor to implement the state project of neo-liberalism without significant opposition from trade unions whose membership bore the brunt of such changes. The Liberal Party, in contrast, articulated while in opposition, and then implemented while in government, a Two Nations hegemonic strategy. This strategy was based upon the exclusion, demonisation and material as well as political deprivation of significant minorities in order to force further neo-liberal restructuring upon a the population.

Having outlined the major contours of the struggles to secure neo-liberal hegemony, the following chapters will analyse the relationship between the radical neo-liberal movement and these struggles.

Chapter 5

The Radical Neo-liberal Movement and the Capitalist Class

This chapter examines the relationship between the radical neo-liberal movement and the capitalist class. As demonstrated in Chapter Three, the movement has had a relatively small participant base. Furthermore, unlike the environment and the peace movements for example, the radical neo-liberal movement has not relied upon mass mobilisations in order to contest hegemony. It will be argued here that the relationship between the radical neo-liberal movement and the capitalist class is crucial to an understanding of the movement's ability to transcend the limitations of its relatively small size and of its role within struggles for neo-liberal hegemony in Australia. Specifically, it was through support from certain sections of the capitalist class that the movement was able to emerge, within a relatively short period of time, from being a fringe movement to being a key player in Australian political conflict. Such support has also allowed the movement to sustain its activities over a period of two decades. The explanation for such support is to be found in the hegemonic struggles discussed in the previous chapter. In funding the movement, fractions of capital involved in the mobilisation to dismantle the state project of welfare capitalism were able to ensure the existence of a radical, ideologically motivated group that would attack supporters of the post-war consensus and the Australian settlement, as well as promote alternatives broadly consistent with the aims of such capitalists in making neo-liberalism a reality.

Investigating the relationship between the radical neo-liberal movement and the capitalist class is not unproblematic. Indeed, its relationship with capital is the issue that the movement is most sensitive and guarded about. Therefore, there is a lack of transparency in public accounts by the movement of this relationship. Detailed and systematic data regarding the relationship between the radical neo-

liberal movement and the capitalist class is not publicly available. Australian radical neo-liberal think tanks and forums rarely identify their financial supporters. Where they do, the amounts contributed by each corporation, individual and sector are rarely made public. Furthermore, membership lists of the boards of radical neo-liberal think tanks and forums are not always publicly available. It is perhaps not surprising then that my requests for such details were either refused or ignored by the movement organisations to which I wrote.[1]

The proceeding analysis therefore draws together the diffuse, publicly available, information which sheds light on the relationship between the radical neo-liberal movement and the capitalist class and combines this with interview data to critically evaluate the significance of this relationship. This chapter first examines the types of support given by capitalists to the movement, particularly funding, brokerage of funding, board membership and other resources, as well as the activist role undertaken by some capitalists within the movement. The chapter then looks at which fractions of capital were most prominent in their support for the movement. Although relying upon fragmentary evidence, it is possible to outline a broad picture of which capitalists supported the movement. Reasons for this support will also be suggested. Finally, this chapter discusses the relationship between the movement and those sections of capital that did not offer support – including those capitalists who expressed outright hostility towards the movement — as well as considering the impact that the movement had upon the capitalist class itself.

Capitalist support for the radical neo-liberal movement

Funding

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[1] During the course of researching this thesis I wrote to the Tasman Institute, the CIS, IPA and IPE requesting details of their funding – both the sources and amounts of funds received. Tasman's Michael Porter and the IPE's Des Moore declined to reveal the sources of their organisations' funding, stating that it was a matter of confidentiality. Neither Greg Lindsay of the CIS or Mike Nahan of the IPA answered my correspondence.

The central and most important relationship between the radical neo-liberal movement and the capitalist class has been that of funding. Financial support from key sections of the capitalist class provided the radical neo-liberal movement with a secure launching pad for its assault upon the welfare state and the Left in general. It is clear that without such financial support the radical neo-liberal movement would have found it very difficult to achieve the national exposure and impact that it did during the 1980s and 1990s.

As stated in Chapter Three, in the mid to late 1970s, before it received substantial corporate support, the Centre for Independent Studies was housed in the back-yard shed of Director Greg Lindsay's suburban home.[2] It managed to organise a few conferences and existed primarily through the hard work of Lindsay and 'some financial support' from businessmen Neville Kennard and Ross Graham-Taylor, which allowed Lindsay to take leave without pay from his high school teaching job in 1979.[3] It wasn't until Hugh Morgan and others provided seed funding of about $40,000 per year for five years that the Centre was able to establish an office in the commercial district of North Sydney and provide Lindsay with a full-time income for being Director.[4] This secure funding base gave the CIS the platform it needed to promote its message and increase its financial support base. Five years later, in 1984, the total income of the CIS had grown to $225,273 – of which $172,514 (76 per cent) consisted of 'donations'.[5] As will be discussed later, it is reasonable to assume that such 'donations' are derived primarily from corporate sources. By 1996, the yearly income of the CIS had increased to $971,182 of which $772,077 (79 per cent) was derived from 'donations'.[6] With only limited income derived from subscriptions, conferences and the sale of publications, corporate donations to the CIS provided the basis of its income. Thus, corporate support was crucial to the inception, growth and longevity of the Centre for Independent Studies.

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[2] Andrew Norton, 'The CIS at Twenty: Greg Lindsay Talks to Andrew Norton', pp. 16-21.
[3] *Ibid*., pp. 16-21
[4] *Ibid*., pp. 16-21 and Paul Kelly, *The End of Certainty*, p. 47.
[5] CIS, *CIS Annual Review 1984*, CIS, St Leonards, 1984, p. 12.
[6] CIS, *CIS Annual Review 1996*, CIS, St Leonards, 1996, p. 18.

Similar circumstances prevailed at the other major radical neo-liberal organisations. The Australian Institute for Public Policy (AIPP) derived $65,116 (62 per cent) of its $105,025 income from supporters in 1985.[7] In 1989 the dependence on supporters had increased with the organisation's financial report revealing $191,365 (66 per cent) of its $286,876 income derived from such sources.[8] By the following year however, the Institute had managed to increase its income while decreasing its reliance upon supporters: $158,477 (51 per cent) of its $310,889 income came from its corporate supporters.[9] Figures for IPA revenue for 1988 indicate that around $800,000 (81 per cent) of its $978,774 income came from corporate donations.[10]

Although the annual reports of the major radical neo-liberal think tanks do not detail specific sources of 'donations', there are a number of reasons to suppose that they are derived primarily, perhaps almost exclusively, from corporate sources – whether from individual capitalists or their companies. First, as discussed in Chapter Three, the radical neo-liberal movement is a small movement concentrated among political and economic elites within Australian society. Because of its small size it is unlikely that non-corporate supporters of the movement would have been in a position to provide anything like the near one million dollar budgets that radical neo-liberal think tanks such as the CIS and IPA were operating with in the late 1980s and 1990s. In 1988, when its budget was approaching the one million dollar mark, the IPA had only 3,378 individual (non-corporate) subscribers.[11] Furthermore, it is clear that corporations comprised a high proportion of movement supporters. From the late 1970s until the late 1980s, corporations (who paid a higher rate) accounted for between one-third to one-fifth of subscribers to the IPA.[12] By 1992 this figure had dropped to

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[7] AIPP, *Clear Thinking*, No. 19, January 1987. Although listed as 'Subscriptions', it is clear that this figure represents supporters who subscribed to the organisation rather than those who subscribed to the AIPP's newsletter or other publications and services which are listed under 'Member Subscriptions'. 'Subscriptions', therefore, in this case are akin to 'donations' and are likely to be derived primarily from capitalist sources.
[8] AIPP, *Clear Thinking*, No. 37, January 1990.
[9] AIPP, *Clear Thinking*, No. 43, December, 1990.
[10] Michael Bertram, *A History of the Institute of Public Affairs*, MA Thesis, August 1989, NBAC, N136/111, p.117.
[11] *Ibid.*, p. 118.
[12] *Ibid.*, p. 118.

around one-sixth, but it is still a significant proportion.[13] More evidence of a bias towards corporate funding can be found by the fact that, for the IPA at least, there was a concentration of income derived from the larger corporate supporters, so much so that in 1992 the IPA revealed that: 'Our largest subscriber provided only seven per cent of our revenue and our top 10 subscribers only 32 per cent of it'.[14]

The importance of corporate funding to the sustenance of the movement and its think tanks is evidenced by the attention paid by the think tanks to their large subscribers. A regular 'Benefactors Dinner' was begun in 1993 by the CIS exclusively for the enjoyment of its 'top level supporters'.[15] This built upon the Centre's 'Trustees' Forum' which gave the organisation's major sponsors access to CIS Board Members and international guest speakers as well as providing 'an opportunity to discuss CIS activities and have some input into their development'.[16]

An examination of specific projects undertaken by the radical neo-liberal movement further highlights the centrality of corporate funding to movement output. The National Priorities Project, for example, was almost wholly funded by capitalist organisations.[17] *Australia at the Crossroads* – an early movement publication which outlined a radical neo-liberal agenda for Australia – was underwritten by Shell Australia.[18] Specific campaigns and publications driven by think tanks were also often supported by targeted funding from capitalists. For example, the joint undertaking of the IPA/Tasman Institute, 'Project Victoria', its numerous launches, publications and presentations were supported financially by

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[13] John Hyde, 'The Director's Report to the 1992 AGM', *IPA Review*, Vol. 45, No. 4, 1992, p. 62.
[14] *Ibid.*, p. 62.
[15] CIS, *CIS Annual Review 1993*, CIS, St Leonards, 1993, p. 17.
[16] CIS, *CIS Annual Review 1986-87*, CIS, St Leonards, 1987, p. 15.
[17] For example, in the period from 28th October 1987 to 17th May 1988, total income for the National Priorities Project was $196, 757.89. Only $1, 952.29 of this was derived from sources other than corporate subscriptions. See 'Statement of Income and Expenditure for the Period 28 Oct 87 to 17 May 88' in NPP., *National Priorities Project – Combined Meeting of the Trustees and the Research Management Group*, NBAC Z383/14.
[18] Wolfgang Kasper, Richard Blandy, John Freebairn, Douglas Hocking and Robert O'Neil, *Australia at the Crossroads: Our Choices to the Year 2000,* Harcourt Brace Jovanovich, Sydney, 1980, p. xi.

a number of employer associations.[19] The same is true of the IPA's 'Reform and Recovery' which outlined a radical neo-liberal policy agenda for the Western Australian government.[20] *Mandate to Govern* was a joint publication of the AIPP and the Australian Chamber of Commerce.[21] The Centre for Independent Studies 'Taking Children Seriously Program' was financially supported by E. L. & C. Ballieu Limited, Coles Myer, Commonwealth Bank, Esso Australia, McDonalds Australia, News Ltd and Seafirst Australia.[22]

It is clear then that the radical neo-liberal movement has had a fundamental dependency upon corporate funding in the period studied.

Brokerage of funding

Capitalists also played an important role in the brokerage of funding from other capitalists for the radical neo-liberal movement. Typically, those who brokered funding for the movement were both capitalists and movement activists. They served as a bridge between the movement and the capitalist class. As businessmen they were more likely to be able to convince capitalists of the benefits of funding organisations that didn't offer them immediate financial benefits than were the academics who formed the majority of movement activists.

Andrew Hay, himself a key broker of funds for the movement as well as being a radical neo-liberal activist, explains the importance of this brokerage function:

> to get these things underway one needs funds — and academics are notoriously bad at being able to accumulate funds for these sorts of purposes — so therefore business organisations and particularly the Chamber of Commerce style of organisations, which had large

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[19] Des Moore and Michael Porter, 'Preface' in Des Moore and Michael Porter (eds), *Victoria: An Agenda for Change*.
[20] Mike Nahan and Tony Rutherford (eds), *Reform and Recovery: An Agenda for the New Western Australian Government*, IPA, Perth, 1993, p. vii.
[21] John Nurick (ed), *Mandate to Govern*, p. xv; John Hyde, interview with the author.
[22] Barry Maley, Brigette Berger, Patricia Morgan, Lucy Sullivan, Alan Tapper, *Home Repairs: Building Stronger Families to Resist Social Decay*, CIS, St Leonards, 1996, p. ix.

memberships, were able to attract funds. We were able to assist a lot of these individuals in forming linkages with individual businesses and businessmen who were philosophically persuaded in a market-based direction.[23]

There were numerous ways in which this brokerage function was performed. One was through the system of trustees attached to a number of the radical neo-liberal think tanks. The Centre for Independent Studies, for example, has long had a Board of Trustees consisting of prominent capitalists from the major Australian States who served as a bridge between the think tank and the financial resources of the capitalist class. Another was through actively promoting the radical neo-liberal movement, and the benefits of funding it, within the capitalist class. With reference to Hugh Morgan, perhaps the most important capitalist broker of funding for the movement, the CIS describes this process as 'convincing the business community that *ideas* as well as factories and equipment must be supported'.[24] This brokerage function ranged from the ability to contact fellow capitalists and secure commitments of funding – as was the case with Hugh Morgan's brokerage of funding for the Centre for Independent Studies – to speaking at forums designed to encourage future sponsorship of and participation in the movement, such as the IPA's lunch for young business people at which Hugh Morgan 'stressed the need for young men and women to take an active interest in public affairs'.[25]

As discussed earlier, Australia has a history of the corporate sponsorship of right-wing ideas. However this practice was never widespread amongst the capitalist class. This meant that brokerage was important to secure funding for the radical neo-liberal movement. Because the radical neo-liberal activists were, by and large, not part of the capitalist class, and therefore not part of the culture of that class, it was essential for those capitalists who were themselves movement

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[23] Andrew Hay, interview with the author.
[24] Anon., 'CIS Enjoys Tenth Anniversary Tributes', *CIS Policy Report*, Vol. 2, No. 4, August, 1986, CIS News p. i.
[25] 'Get Involved Says Hugh Morgan', *IPA Review*, Vol. 42, No. 2, August-October, 1988, p. 63.

activists to facilitate the flow of funds from the capitalist class to the radical neo-liberal movement.

Resources

Using their position as owners and controllers of the means of production and the privileged position that this affords, capitalists were able to provide a number of valuable non-financial or in-kind resources to the radical neo-liberal movement.

The control of labour was used to donate staff time to the movement for specific projects. For example, Shell Australia had its staff members do proofing and typing for the book *Australia at the Crossroad*s,[26] whilst part of the joint Tasman/IPA Project Victoria was completed with the research support of staff seconded from Wetspac.[27] Control of labour also allowed capitalists to purchase bulk orders of movement publications for distribution to their employees. Examples of this were the advance ordering of National Priorities Project publications by member groups[28] as well as the distribution in 1977 by Ansett Airlines and ICI to their employees of 21,000 copies of the IPA's *Free Enterprise* via their own in-house journals.[29]

The class position of capitalists allowed them to offer their authority and prestige to the movement, which, in turn, enabled the movement to reach a wider audience – both within and outside of the capitalist class. One way this occurred was by capitalists launching movement publications. In 1991, for example, Dick Smith launched the IPA's *Reconciling Economics with the Environment*; a book that advocated environmental protection through market mechanisms and claimed there existed no contradiction between unregulated capitalism and environmental protection.[30] Dick Smith, a well known entrepreneur who ran his own nature journal, *Australian Geographic*, offered credibility to the publication.

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[26] Kasper et. al., *Australia at the Crossroads*, p. xi.
[27] Anon., 'Project Victoria – The Imperative for Reform', *Tasman Report*, No. 6, March, 1992, p. 7.
[28] Robert Campbell, *National Priorities Project Expenditure Review Marketing Plan*, NBAC N143/289-290.
[29] Michael Bertram, *A History of the Institute of Public Affairs*, p. 130.
[30] Anon., 'New Approaches to the Environment', *IPA Review*, Vol. 44, No. 4, 1991, p. 63.

It was a classic example of 'greenwashing'. Another way capitalists used their class position to assist the radical neo-liberals was through the placing of movement articles in company journals or in the journals of employer associations.[31] This gave the movement access to a wide audience within the capitalist class.

Equipment, infrastructure and other assets owned or regularly used by capitalists were also often put at the disposal of the radical neo-liberal movement by its capitalist supporters. Corporate premises were often donated by capitalists for use by the movement for forums, speeches and other similar functions. For example the IPA's Essington Lewis Speakers group was regularly 'hosted' by various corporations (such as Philip Morris, Pasminco, Potter Warburg Securities and Shell Australia), and hosting involved the donation of their boardrooms or other suitable premises for the event.[32] When the Tasman Institute wanted a suitably impressive and private venue to host its inaugural 'Infrastructure Forum' to which capitalists, public servants and politicians were invited, they were able to call upon the services of their Chairperson, Ballieu Myer, who allowed the exclusive 'Cranlana', the original Myer family residence, to be used for the occasion.[33] Another example of a resource regularly used by capitalists and donated to the movement was the transportation arranged for Norman Podhoretz when he was brought out to Australia by the Australian Lecture Foundation in 1981. Chauffeured transportation around Melbourne was provided by Hughes' Hire Cars and billed to Western Mining Corporation, marked to the attention of Hugh Morgan.[34]

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[31] See for example: Richard Blandy and Cliff Walsh, 'Public Sector Reform – The Role of the States', *Business Council Bulletin*, No. 61, February 1990, pp. 24-28; Richard Blandy, 'Labour Market Reform – Building on Common Ground', *The Mining Review*, March 1991, pp. 23-26; Alan Moran, 'Property Rights: Creating the Incentive to Search Without Delaying Development, *The Mining Review*, December 1991, pp. 21-26; David Trebeck, 'More Neutral Investment Environment Required', *The Mining Review*, June 1982, pp. 22-23.

[32] Anon., 'Government Spends Beyond its Means', *IPA Review*, Vol. 47, No. 2, 1994, p. 64; Anon., 'New Role for Managers', *IPA Review*, Vol. 48, No. 2, 1995, p. 64; Anon., 'Speakers' Group Named After Captain of Industry', *IPA Review*, Vol. 45, No. 2, 1992, p. 63, Anon., 'Two Views on Australia's Problems', *IPA Review*, Vol. 46, No. 2, 1993, p. 64.

[33] Anon., 'The Infrastructure Forum', *Tasman Update*, July 1996, p. 1.

[34] Australian Lecture Foundation, 'Mr Norman Podhoretz: Melbourne Programme', NBAC, N136/95.

Finally, capitalists were able to give in-kind donations to the movement by providing their regular services free of charge. For example, Price Waterhouse donated their accountancy services to the AIPP for its auditing purposes.[35] During the aforementioned Australian Lecture Foundation-sponsored tour of Norman Podhoretz to Australia in 1981, The Macmillan Company decided not to charge the Foundation a fee for the Australian publication of Podhoretz's book, *The Present Danger*, and would assist the Foundation with publicity.[36]

Board membership

Capitalists often formed a majority on the councils and governing boards of radical neo-liberal think tanks and other movement organisations. The Chairperson of movement organisations has almost always come from the capitalist class. Capitalist membership of movement organisation boards and councils provided the movement with a number of assets. First, it lent legitimacy to the organisations. Having prominent members of the business community on the board helped to increase the credibility of the organisation in the eyes of the media, within the capitalist class and, to a limited extent, amongst the broader public. No doubt for some the endorsement by capitalists of the organisation's aims, symbolised by sitting on a Board, helped to offset the perception that the organisation was simply an academic curiosity. More importantly, however, the fact that capitalists sat on the Boards of such organisations would have helped to assure other capitalists that the organisations were being soundly managed by members of their own class rather than by amateurs.

However, this has been a double-edged sword. One of the major concerns of the radical neo-liberal think tanks was to be identified as independent research organisations, not tied to any vested interest or political party. Particularly during the 1990s, the Left used the fact that radical neo-liberal think tank boards were dominated by capitalists to its advantage, alleging that they were merely

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[35] AIPP, *Clear Thinking*, No. 19, January 1987.
[36] Australian Lecture Foundation, 'Visit of Norman Podhoretz: Bulletin No. 2 – 11th September, 1981', p. 2, NBAC, N136/95.

expressions of corporate interests.[37] Clearly the think tanks were sensitive to such accusations. The CIS has consistently emphasised its 'Independent' nature, arguing that it is captured by no vested interest.[38] The IPA has regularly emphasised that despite its reliance upon corporate funding, no single business sector controls its purse strings: 'No one source accounts for more than 6.5 per cent of the total [funding] and no one industry sector provides more than 16 per cent'.[39]

Capitalist membership of movement organisation boards and councils has meant that a small number of capitalists have taken an active role in shaping these organisations. This has brought valuable business experience to the movement – skills that the academics of the movement may not have possessed – and has helped to expand and sustain its financial base. For example, the revival of the IPA after its decline in the mid to late 1970s has been attributed largely to the efforts of Jim Balderstone, Charles Goode and Hugh Morgan, who drove the Institute's Finance Committee.[40]

Capitalists as radical neo-liberals

A small number of capitalists are themselves radical neo-liberal movement activists. Clearly, those who served on the Boards of Management of movement organisations can also be classified as movement activists because they had an active involvement in shaping the direction of the movement. Presumably they were also active in soliciting corporate support for the movement organisations they were involved in. Some capitalists have been members of multiple movement organisation boards – people such as Hugh Morgan, the Cloughs (who were the initial and major financial supporters of the AIPP), Will Bailey and John Elliott. In addition to fulfilling their duties as Board members these radical neo-liberal capitalists would often be invited as keynote speakers to movement functions, conferences, forums and dinners. The IPA, for example,

[37] See for example Alex Carey, *Taking the Risk out of Democracy*, pp. 109-132.
[38] Andrew Norton, 'The CIS at Twenty: Greg Lindsay Talks to Andrew Norton', pp. 16-21; CIS, 'General Funding', *CIS Annual Review 1986-87*, p. 15.
[39] IPA, 'Where the IPA Stands', *IPA Review*, Vol. 47, No. 1, 1994, p. 4.
[40] Michael Bertram, *A History of the Institute of Public Affairs*, p. 118.

would often use Council members as keynote speakers for regular events such as the Essington Lewis Speakers' Group and the IPA Young Professionals Group.[41] Thus, they provided a readily accessible pool of capitalist class speakers for the movement which helped to strengthen the legitimacy of the movement amongst that class.

There are others who were movement activists beyond the walls of the movement's organisations; who took the message of the movement into the public arena. During Peko-Wallsend's clash with the trade union movement at Robe River in 1986, Charles Copeman promoted his own radical neo-liberal vision for Australia which included the devolution of most federal government powers to the States and the dismantling of the Arbitration system. This was publicised through interviews and reports in the mainstream media.[42] Andrew Hay, as well as brokering funding for radical neo-liberal organisations (he was a Trustee of the AIPP)[43] and projects, such as the National Priorities Project, was, during the mid 1980s, one of the most identifiable public faces of the radical neo-liberal movement. Using his leadership positions in the Australian Chamber of Commerce and the Australian Federation of Employers he promoted an agenda of economic and labour market deregulation as well as advocating massive cuts to government spending both of which he was regularly able to publicise through media interviews and reports. Hugh Morgan, the capitalist most readily identified with the radical neo-liberal movement, consistently promoted the movement's philosophies during the period under study. A true believer, Morgan incorporated the movement's message into his numerous speeches and articles to a wide range of audiences and in a diverse range of publications.[44] He has been a Board member of the CIS, IPA, Tasman Institute and the Australian Lecture

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[41] Anon., 'Increase Exports, Says ICI Chairman', *IPA Review*, Vol. 42, No. 1, May-July 1988, p. 64; Anon., 'What Type of Tax System?', *IPA Review*, Vol. 42, No. 4, March-May, 1989, p. 63; Anon., 'Having a Ball', *IPA Review*, Vol. 43, No. 3, Autumn, 1990, p. 64.

[42] Paul McGeough, 'Vision of the New Right', *Sydney Morning Herald*, 2nd September, 1986, p. 1.

[43] AIPP, 'AIPP News', *Clear Thinking*, No. 31, January 1989.

[44] See for example Morgan's comments at the BCA's 4th National Business Summit in 1993 about the imperative for business to engage in the 'political battlefield' against Aboriginal and environmental interests: Anon, 'Secret Agenda on Aborigines Alleged', *Australian Financial Review*, 12th March, 1993, p. 4. See also Hugh Morgan, 'Change and Cultural Conflict in Australia: The Clash Between Despair and Confidence', *Business Council Bulletin*, May 1993, pp. 34-38.

Foundation.[45] This is only a snapshot of some of the activities of the more recognisable capitalist activists within the radical neo-liberal movement. Others who have similarly been movement activists in the public arena include John Elliott, Arvi Parbo and Ian McLachlan.[46]

Integral to the establishment of the movement as well as being key drivers of the movement, particularly in its early years, were a small group of capitalists centred around, but not exclusively drawn from, mining, resources and finance capital. In the late 1970s and early 1980s these capitalists helped to kick-start the radical neo-liberal movement in Australia. Most important in this process was the 'IEA group' of capitalists and academics who had brought Antony Fisher, founder of the British neo-liberal think tank Institute of Economic Affairs, to Australia in 1976.[47] They hoped to initiate a similar venture in Australia. The IEA capitalists included Maurice Newman (Bain and Co.), Hugh Morgan (WMC), Bruce Kirkpatrick (ICI), John Bonython (The Advertiser), Derek Sawer (BHP) as well as company economists John McLeod (CRA), John Brunner (BHP) and Douglas Hocking (Shell).[48] This group seems to have met regularly during the late 1970s[49] and formed the nucleus of capitalists who, through the provision of financial resources, brokerage and business experience, wedded the radical neo-liberal movement to sections of the capitalist class. A number of them would become Board/Council members during the formative years of the movement as well as providing the capital that enabled think tanks such as the IPA and CIS to re-mould themselves into well-resourced, professional organisations. It was largely members of this IEA group who, at the behest of

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[45] For evidence of Morgan's Board Membership of these organisations see: Anon., *Australian Lecture Foundation – Visit of Norman Podhoretz*, p. 4; CIS, *CIS Annual Review 1985*, CIS, St. Leonards, 1985, p. 13; IPA, *IPA Report 1991*, IPA, Melbourne, 1991; Tasman Institute, *Annual Review: Tasman Institute and Tasman Economic Research Pty Ltd 1991*, Tasman Institute, Melbourne, 1991.

[46] Both Parbo and Elliott, for example, were Members of the Tasman Institute's Advisory Council (Tasman Institute, *Annual Review: Tasman Institute and Tasman Economic Research Pty Ltd 1991*). McLachlan was an IPA Councilor (Michael Bertram, *A History of the Institute of Public Affairs*, p. 202).

[47] Andrew Norton, 'The CIS at Twenty: Greg Lindsay Talks to Andrew Norton', pp. 16-21.

[48] *Ibid.*, pp. 16-21; Kelly, *The End of Certainty*, p. 47.

[49] Andrew Norton, 'The CIS at Twenty: Greg Lindsay Talks to Andrew Norton', pp. 16-21. Lindsay first heard of the 'IEA Group' in 1976. In 1978 Lindsay flew to Melbourne to meet them, and in 1979 Lindsay met with Hugh Morgan, also a part of the IEA Group. It would seem therefore that the group met, at least informally, during the latter years of the 1970s.

Hugh Morgan, provided the CIS with a stable financial base upon which to grow.[50] John Bonython would become the first Executive Director of the CIS, Maurice Newman its Chairman and Hugh Morgan a Board member and Chairman of the Board of Trustees.[51] In 1980, Douglas Hocking became a member of the IPA's Executive and Editorial Committee,[52] with Hugh Morgan joining him, as treasurer, in 1981.[53]

This core of capitalists joined others who were already involved in supporting the emerging movement, such as Neville Kennard and Ross Graham-Taylor of the CIS[54] and Jim Balderstone and Charles Goode (IPA) who helped transform the IPA from an anti-communist Keynesian to a neo-liberal and conservative group.[55] In Western Australia, Clough funded and with John Hyde, helped establish the AIPP.[56] Most of these capitalists were also involved in the Crossroads Group (named after the 1980 Shell-sponsored publication, *Australia at the Crossroads*) which met in secret twice a year from 1980 until approximately 1986.[57] Meetings involved the presentation of papers and strategising about ways to intervene on key issues of public policy. Capitalists involved in Crossroads were: Andrew Hay; Hugh Morgan; John Elliott; Maurice Newman; Mark Johnson; Don Swan; Phil Scanlan; Neville Kennard; Ross Graham-Taylor; Andrew Kaldor as well as company economists John Brunner, Don Stammer and John McLeod.[58] Beyond Crossroads many of these capitalists became involved in the management of movement organisations.

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[50] *Ibid.*, pp. 16-21; Paul Kelly, *The End of Certainty*, p. 47.
[51] See *Newsletter (Centre for Independent Studies)*, Vol. 3, No. 1, September 1979, CIS, *The 18th John Bonython Lecture – The CIS 25th Anniversary Dinner*, CIS Pamphlet, 2001; *Newsletter (Centre for Independent Studies)*, February 1983; CIS, *CIS Annual Review 1989*, CIS, St. Leonards, 1989, p. 17.
[52] Anon., 'Executive and Editorial Committee', *IPA Review*, Vol. 34, No. 1, January/March 1980, inside front cover.
[53] Michael Bertram, *A History of the Institute of Public Affairs*, p. 114.
[54] Andrew Norton, 'The CIS at Twenty: Greg Lindsay Talks to Andrew Norton', pp. 16-21; Paul Kelly, *The End of Certainty*, p. 47.
[55] Michael Bertram, *A History of the Institute of Public Affairs*, pp. 114, 119. Bertram writes: 'With the backing of J. S. Balderstone (the new President since 1981 and, subsequently, the Chairman of BHP) and Hugh Morgan (appointed Treasurer of the IPA in January 1981) a major recasting of the IPA structure and modus operandi was instituted. This process was further continued under the fifth President, Charles Goode' (p. 114).
[56] John Hyde interview with the author; Paul Kelly, *The End of Certainty*, p. 47.
[57] Jim Carlton interview with the author; Paul Kelly, *The End of Certainty*, pp. 41-42.
[58] Paul Kelly, *The End of Certainty*, p. 42.

Radical neo-liberals as capitalists

For a small number of radical neo-liberal activists the movement was a vehicle for their entry into the capitalist class. At an individual level, Dame Leonie Kramer and John Stone were elevated to the boards of companies with strong neo-liberal sympathies. Kramer became a board member of Western Mining Corp and ANZ Banking Group[59] and Stone a member of the Peko-Wallsend Board in 1986 – at the time when Charles Copeman was its CEO.[60] Before heading up the AIPP John Hyde was a wheat farmer. Tim Duncan, the radical neo-liberal journalist and activist, moved from the news media to corporate public relations first joining Pratt Industries and later Rio Tinto as head of External Relations as well as working briefly for the BCA.[61] Australian Graduate School of Management Dean, Peter Dodd, closely associated with the Centre for Independent Studies, later sat on the Boards of Delta Electricity, Macquarie Goodman Industrial Property Trust and Warburg Dillon Read.[62] Ray Evans, one of the founding members of the H. R. Nicholls Society was employed by Hugh Morgan as his adviser and, according to Paul Kelly, acted as 'speechwriter, soundingboard and intellectual activist'.[63]

When Michael Porter left the Centre for Policy Studies his movement connections were integral in founding the Tasman Group, of which the Tasman Institute is a part, as a capitalist enterprise. Porter describes the Tasman as a 'do-

[59] Valerie Lawson, 'Leonie Kramer is Comfortable with Everything but Very Ambitious Men', *Australian Financial Review*, 6th March, 1987, p. 50.
[60] John Stone, 'Presentation of the Charles Copeman Medal', *The Changing Paradigm: Freedom, Jobs, Prosperity – Proceedings of the XXIIIrd H. R. Nicholls Society Conference, Melbourne, 22-23 March 2002*, H. R. Nicholls Society Website, http://www.hrnicholls.com.au/nicholls/nichvo23/stone2002.htm, at 25th May 2003.
[61] See James Chessall, 'Greed', *The Age*, 5th April, 2002 at: http://www.theage.com.au/cgi-bin/common/printArticle.pl?path=/articles/2002/04/04/1017206240224.html, at 20th March 2003, and Anon., 'People – Tim Duncan'.
[62] See CIS, 'CIS Board of Directors', http://www.cis.org.au/CISinfo/directors.html, at 20th March 2004 and Natalie Lau, 'Dodd Joins ABN Amro', *FinanceAsia.com*, 19th May, 2000, http://www.financeasia.com/articles/9BA7566E-26E9-11D4-B95C0090277E174B.cfm, at 20th March 2004.
[63] Paul Kelly, *The End of Certainty*, p. 46.

tank'[64] rather than a think tank because, although there is a propagandistic think tank component to Tasman, a major source of revenue for the organisation is its consultancy work. Tasman has conducted consultancy work for numerous government, non-government and private organisations and corporations in the Asia-Pacific region and Eastern Europe, providing advice on ways of implementing neo-liberal strategies such as privatisation and deregulation.[65]

Corporate outreach

Forums, seminars and lecturers were successful tactics employed by the radical neo-liberal movement for conveying its message to the capitalist class. Although many of the regular seminars held by the movement were deliberately small affairs, the ability to attract high profile speakers to their less frequent events, such as the yearly John Bonython lecture organised by the CIS, meant that large crowds of capitalists would often attend.[66] Such gatherings were a chance to appeal for funding as well as an opportunity to promote the movements ideological message to a powerful audience.

Who supported the radical neo-liberal movement and why?

As already mentioned, the radical neo-liberal movement's relationship with the capitalist class is a sensitive one for the movement. Movement organisations have often felt the need to defend themselves against accusations of being captured by vested interests and of being mouthpieces of big business. Despite such professed independence, movement organisations have rarely provided details about their funding sources. Furthermore, when capitalist supporters are listed — as they occasionally have been in Annual Reports — the amount provided by each company does not appear. Such secrecy poses a number of

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[64] Michael Porter, 'Executive Director's Report' in Tasman Institute, *Annual Review: Tasman Institute Pty Ltd and Tasman Economic Research Pty Ltd 1991*, Tasman Institute, Melbourne, 1991. p. 3.
[65] See for example Michael Porter, 'Tasman Asia Pacific Managing Director's Report', in Tasman Group, *Tasman Annual Review 1997*, Tasman Group, Melbourne, 1997, p. 6.
[66] See for example the descriptions of the 3rd John Bonython Lecture: Anon, 'CIS Enjoys Tenth Anniversary Tributes', CIS News pp. i-iii.

difficulties in identifying the precise sources and amounts of funds channelled from the capitalist class into the Australian radical neo-liberal movement.

However, through a close examination of what sources are publicly available, as well as through the use of interview data, general conclusions about which fractions and individual corporations have been the major supporters of the movement can be drawn. Three areas will be considered in this examination: the role of capitalists in the early years of the movement's emergence; capitalist involvement in the leadership of the movement; and general capitalist support for the movement. Where relevant, support from capitalist fractions is given as a percentage of the total support. Given that names of corporate supporters are usually listed without details of the amounts they contributed, this technique is necessarily imprecise. What it does allow, however, is the construction of a broad, indicative picture of which capitalists supported the movement.

The early years (1976-1986)

The years 1976-1985 were formative ones for the radical neo-liberal movement. It was during this period that the movement emerged from being an obscure and loose collection of zealots to become a publicly recognised feature of the Australian political landscape. Crucial to this emergence was the formation of movement organisations such as the CIS and the Crossroads group as well as the takeover of the IPA Executive by radical neo-liberals. The rise of such radical neo-liberal groups provided an organisational backbone around which the movement was able to cohere. Not only did a number of capitalists play a central role in this process, but funding from key corporations allowed such organisations to expand and provide a secure base for movement activities. Given that the radical neo-liberal movement at this time did not enjoy a particularly large public profile, and given that radical neo-liberal ideas still occupied the margin of political debate in Australia, it is reasonable to conclude that more than at any other time, the capitalists who supported the movement in these early years were firm supporters of the radical neo-liberal ideology. There is perhaps more information regarding the role of capitalists in this period of the

movement's history than any other, and an examination of this period provides an insight into which capitalists and fractions of capital were part of the movement's driving force.

IPA Executive

Between 1976-1983, the IPA was transformed from an anti-communist Keynesian organisation into a conservative neo-liberal think tank. Crucial to the transformation of the IPA into an important organisational base for the radical neo-liberal movement was the new blood that entered the Institute during this period. Examining the changing make-up of the IPA Executive which, like other movement organisations, has always contained a high proportion of capitalists, provides an insight into which capitalists, companies and sectors helped drive these changes and, consequently, which of these were crucial to the development of the movement itself. The following capitalists joined the executive from 1976-1984: David L. Elsum (Finance), Hon Vernon Wilcox (Manufacturing/Agriculture); Sir Frank Espie (Mining); Douglas Hocking (Mining/Manufacturing); Sir Wilfred Brookes (Finance); James Balderstone (Finance, Mining, Agriculture); Hugh Morgan (Mining); Peter Bunning; and Charles Goode (Finance).[67]

The Crossroads Group

The following capitalists were members of the Crossroads group which, as outlined in Chapter Three, provided an important early space for the emerging movement to network and strategise: Phil Scanlan (Manufacturing); Andrew Hay (Manufacturing/Small Business); Hugh Morgan (Mining); Neville Kennard (Bus Services); Maurice Newman (Finance); John Elliott (Manufacturing); Mark Johnson (Finance); Don Swan(Construction, Agriculture, Mining); Ross

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[67] See: *IPA Review*, Vol. 30, No. 3, July-September, 1976, inside front cover; *IPA Review*, Vol. 31, No. 2, April-June 1977, inside front cover; ; *IPA Review*, Vol. 32, No. 1, January-March, 1978, inside front cover; *IPA Review*, January-March, 1979, inside front cover; *IPA Review*, Vol. 34, No. 1, January-March, 1980, inside front cover; *IPA Review*, Vol. 35, No. 1, January-March, 1981, inside front cover; *IPA Review*, Vol. 36, No. 1, January-March, 1982, inside front cover; *IPA Review*, Vol. 37, No. 1, Autumn 1983, inside front cover.

Graham-Taylor (business unknown); Andrew Kaldor (Manufacturing).[68] John Brummer, Don Stammer, John McLeod, all company economists from the mining and finance sectors, were also participants in the Crossroads group[69] and perhaps acted as a bridge between academia and capital. They may also have acted as brokers of funding.

Early funding for the CIS

The earliest financial supporters of the Centre for Independent Studies were Neville Kennard of Kennard's Hire & Storage (Business Services) and Ross Graham-Taylor (business unknown).[70] Hugh Morgan was later able to secure recurrent funding of $5,000 each per year for five years from Western Mining Corporation (Mining), CRA (Mining), BHP (Mining/Manufacturing), Santos (Mining), Shell (Mining/Manufacturing) and The Advertiser (Entertainment/Media).[71]

Centre 2000

In 1986, at the time it was attempting to expand its operations, Centre 2000 had on its advisory Board three capitalists – Charles Copeman (Mining), Sir Noel Foley (Finance) and Dame Leonie Kramer (Mining and Finance).[72] In 1985 Centre 2000 was the recipient of $30,000 (between one-half and one-third of the organisation's total income) from mining capitalist Peter Wright to help with costs of *The Optimist*.[73]

Australia at the Crossroads

Australia at the Crossroads was the first published comprehensive articulation of a radical neo-liberal alternative policy agenda for Australia. It was published at a time when the movement was still very much in its inception and the ideas it

[68] Paul Kelly, *The End of Certainty*, p. 42.
[69] Paul Kelly, *The End of Certainty*, p. 42.
[70] Andrew Norton, 'The CIS at Twenty: Greg Lindsay Talks to Andrew Norton', pp. 16-21.
[71] Paul Kelly, *The End of Certainty*, p. 47.
[72] Anon., 'Centre 2000 News', *The Optimist*, May-June 1986, p. 2.
[73] Christopher Jay, 'Economics Think Tank is Growing Up', *Australian Financial Review*, February 13, 1986, p. 16.

represented were still generally regarded as radical. That Shell Australia decided to fund its production speaks of their strong sympathy for radical neo-liberal ideas.[74]

Leadership

Given the importance of movement organisations to the radical neo-liberal movement, those who held Executive or Board memberships of such organisations enjoyed a leadership position within the movement. For capitalists, the decision to involve oneself in such leadership positions was a product of much more than simple public spiritedness. A leadership role within the radical neo-liberal movement, particularly in the 1970s and 1980s, would have done little for the public image of the capitalist or company concerned, and presumably carried no remuneration. It is therefore reasonable to assume that capitalists who took on leadership roles did so out of a conviction that the promotion of radical neo-liberal ideology was either a moral imperative, or served the broader class, fractional or company interest. An examination of those capitalists who took leadership roles within the radical neo-liberal movement provides an insight into which companies and sectors were most important to the movement and which companies and sectors aligned themselves strongest with the movement. The following examination is drawn from the extant publicly available documents from the largest movement organisations.

CIS Executive Board – 1984-1991

Between 1984 and 1991 the Centre for Independent Studies had quite a stable Executive Board with few changes. During this period the following capitalists sat on the Executive: Neville Kennard (Business Services); Hugh Morgan (Mining); Maurice Newman (Finance); Peter Ritchie (Retail); Will Bailey (Finance); Michael Darling (Finance & Mining); Andrew Kaldor

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[74] Wolfgang Kasper (et al), *Australia at the Crossroads*, p. xi.

(Manufacturing); Peter Dodd (Finance & Energy); Leonard Ian Roach (Finance); Alan McGregor (Manufacturing).[75]

Tasman Institute Advisory Council 1990-1991

The following capitalists sat on the Advisory Council of the Tasman Institute between 1990 and 1991: S Ballieu Myer (Retail); Will Bailey (Finance); Dr Roderick Deane (Communications, Energy, Finance); William L. Dix (Communications, Mining, Manufacturing); John Elliott (Manufacturing); Kevan Gosper (Mining); Dame Leonie Kramer (Mining and Finance); Eric A. Mayer (Finance); Hugh Morgan (Mining); Sir Arvi Parbo (Mining, Finance); Richard Pratt (Manufacturing); James Strong (Transport, AMIC lobbyist); Sir Ronald Trotter (Manufacturing); Sir William Vines (Agriculture).[76]

IPA Committee 1991

In 1991 the following capitalists sat on the IPA Committee (Board of Directors): Charles B. Goode (Finance); David J. Brydon (Finance, Mining), J. A. Calvert-Jones (Finance); J. F. H. Clark (Mining); John C. Dahlsen (Finance, Manufacturing); Bruce Scott Dyson (Finance); G. E. Littlewood (Mining); Hugh Morgan (Mining); Professor David Pennington (Manufacturing); Eda Ritchie (Agriculture); Michael B. Robinson (Business Services, Construction); John Hyde (Agriculture).[77]

General Support

The following section is drawn from those publicly available documents that list capitalist contributors to the radical neo-liberal movement. Such documents are rare, hence the brevity of this section. What they identify is those capitalist

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[75] CIS, *CIS Annual Review 1984*, p. 13; ; CIS, *CIS Annual Review 1985*, CIS, St Leonards, 1985, p. 13; CIS, *CIS Annual Review 1986-87*, p. 17; CIS, *CIS Annual Review 1989*, p. 17; CIS, *CIS Annual Review 1991*, CIS, St Leonards, 1991, inside front cover.
[76] Tasman Institute, *Tasman Report*, No. 1, July 1990, p. 4; Tasman Institute, *Annual Review: Tasman Institute Pty Ltd and Tasman Economic Research Pty Ltd*, *December 1991*, inside front cover.
[77] IPA, *IPA Report 1991*, IPA, Melbourne, 1991, inside front cover.

enterprises, organisations and fractions which saw their interests served through the donation of funds to the radical neo-liberal movement.

1996 CIS Corporate Supporters

In its 1996 Annual Review, the CIS listed 135 corporate supporters.[78] There are no details of how much each of these supporters each contributed to the Centre. Out of the 135 supporters 35 (25 per cent) were from the Finance Sector of the capitalist class, 30 (22 per cent) from Manufacturing, 18 (13 per cent) from Mining, 8 (5 per cent) each from Business Services and Construction, 5 (3 per cent) from the Wholesale as well as from the Culture and Recreation sector, 4 (2 per cent) from each of the Retail, Energy and Communications sectors, 3 (2 per cent) from each of the Transport/Storage and Agriculture/Forestry sectors, 2 (1 per cent) from the Health sector and 1(0.7 per cent) from the Government and Administration sector. Four of the Centre's supporters were private foundations or corporate lobby groups, such as the Tobacco Institute.

1991 Tasman Institute Corporate Supporters

The Tasman Institute, in its 1991 Annual Review, listed 38 Corporate Members.[79] Of these, 9 (23 per cent) came from the Mining sector, 7 (18 per cent) from Finance, 6 (15 per cent) from Manufacturing, 5 (13 per cent) from Business Services, 2 (5 per cent) each from Retail, Energy and Recreation and 1 (2 per cent) each from the Construction, Agriculture/Forestry and Communications sectors. There was 1 private foundation and 1 movement organisation also listed as members.

National Priorities Project

During its five year life span the National Priorities Project was sponsored by a host of employer associations, with the Business Council of Australia, Victorian Automobile Chamber of Commerce, Australian Mining Industry Council, National Farmers Federation, Australian Coal Association and Australian Small

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[78] CIS, *CIS Annual Review 1996*, p. 19.
[79] Tasman Institute, *Annual Review: Tasman Institute Pty Ltd and Tasman Economic Research Pty Ltd, December 1991*, p. 17.

Business Association contributing the highest subscription payments for *Spending and Taxing II*.[80]

Project Victoria

Project Victoria was sponsored by a number of employer associations and '12 major corporations', who remain anonymous.[81] The employer associations who sponsored Project Victoria were the Australian Chamber of Manufacturers; Building Owners and Managers Association; Business Council of Australia; Bus Proprietors Association; Confectionary Manufacturers Association; Insurance Council of Australia; Real Estate Institute of Victoria; Retail Traders Association of Victoria; State Chamber of Commerce and Industry (Vic); Victorian Automobile Chamber of Commerce; Victorian Brick Manufacturers Association; Victorian Employers Federation; Victorian Farmers' Federation; Institute of Chartered Accounting Australia; Victorian Chamber of Mines.[82]

Reform and Recovery

The IPA's publication, *Reform and Recovery*, was sponsored by the following capitalist organisations ANZ; Argyle Diamonds; Chamber of Commerce and Industry of Western Australia; Hadson Energy Ltd (Mining); Hancock Prospecting (Mining); Hartley Poynton Ltd (Finance); Hospital Benefit Fund of Western Australia (Finance); M. G. Kailis Group of Companies (Agriculture/Fishing); Voyager Enterprises Ltd (Agriculture); and Wesfarmers Ltd (Mining/Manufacturing).[83]

Analysis

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[80] Anon., *National Priorities Project Financial Report 28 Oct 87 to 17 May 1988*, NBAC, Z383/14.

[81] IPA, *Towards a Healthier State: the Restructuring of Victoria's Public Health Services*, Institute of Public Affairs, Melbourne, 1992, p. iii.

[82] IPA, *Towards a Healthier State*, p. iii; Des Moore and Michael Porter, 'Preface' in Des Moore and Michael Porter (eds), *Victoria: An Agenda for Change*.

[83] Mike Nahan and Tony Rutherford (eds), *Reform and Recovery: An Agenda for the New Western Australian Government*, p. vii.

What do these findings tell us about capitalist support for the radical neo-liberal movement? First, it is clear that the movement has received support from a broad range of corporations and employer associations. Within this broad range, however, there are a few sectors which stand out as more represented than others in terms of funding; within some of these sectors there are particular types of companies that have tended to fund the movement; and certain sectors have been more represented in the leadership of the movement than others.

Mining, Finance and Manufacturing capital have been the mainstays of the financial base for the movement. They have been the industries most strongly represented as a proportion of the corporate sponsors. Further evidence of this is found in the 1992 statement by the IPA:

> Our largest subscriber provided only seven per cent of our revenue and our top 10 subscribers only 32 per cent of it. About 15 per cent of IPA's revenue comes from mining companies – slightly less than from manufacturing.[84]

These IPA figures regarding sectoral funding correlate with what is known of the other movement organisations discussed earlier, and, if we assume that the IPA is not unique in its top 10 subscribers contributing around one-third of its funding, then, although it is not clear how much each company contributed, it seems reasonable to conclude that the most consistent supporters, including capitalist neo-liberal activists themselves, provided a large proportion of the movement's funding. What is also clear from this is that, relative to profit, the contributions of corporations to the radical neo-liberal movement were actually quite small. For, if we assume that the IPA had an income of about one million dollars in the early 1990s,[85] then its top subscriber contributed only around $70,000 of that amount: a minor sum for a top 100 company.

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[84] John Hyde, 'The Director's Report to the 1992 AGM', *IPA Review*, Vol. 45, No. 4, 1992, p. 62.
[85] This seems a reasonable assumption given that in 1988 its total income was $978,774, and had been growing through the 1980s. See Michael Bertram, *A History of the Institute of Public Affairs*, p. 117.

It might seem a little strange that the manufacturing sector is one of the largest contributors to the radical neo-liberal movement, given that that the lobby groups associated with that sector clashed fiercely with the movement. A look at the manufacturing companies which supported the radical neo-liberal movement, however, reveals a high proportion of companies linked to the mining and construction industries as well as companies who had much to fear from increasing public interest regulation: chemical, tobacco and alcohol manufacturers. For example, the 6 manufacturing firms that supported the Tasman Institute in 1991 included Fosters Brewing (whose main business was the production of alcohol), ICI Australia (involved in the manufacture of chemicals and petrochemicals), Minsup Mining Supplies and BP Australia (both involved in refining the products of the mining industry). The 30 Manufacturers listed as corporate supporters of the CIS in 1996 included a number involved in the manufacture of lime, cement and plaster such as Adelaide Brighton, Cockburn Cement, Comtec, James Hardie Industries, and Queensland Cement. Amongst the Centre's manufacturing supporters were also a number involved in refining, such as Shell, Reynolds Australia Aluminia and other aspects of the mining or mining-related activities, such as Wesfarmers and Henderson's Industries. There were also a number involved in the manufacture of pharmaceuticals and chemicals such as Bayer, Boehringer Ingelheim, E. H. Faulding & Co, Glaxo Pharmaceuticals and Koppers. Also among the manufacturers were those involved in tobacco or alcohol production such as Fosters, Lion Nathan, Philip Morris, Rothmans and the Tobacco industry-funded ginger group, the Tobacco Institute. In addition, some manufacturers were involved in the forestry industry, such as North Ltd and Amcor. It is clear then that amongst those manufacturers who supported the radical neo-liberals were a high proportion of companies whose profit margins were sensitive to public interest regulations brought about by the new social movements and changing social attitudes.

By 1992, the CAI, one of the employer associations most hostile to the radical neo-liberal movement, had merged with the ACC to form the Australian

Chamber of Commerce and Industry (ACCI). The ideological stance of this new organisation was much closer to that of the radical neo-liberals, arguing for a decentralised system of industrial relations and accepting the inevitability of tariff reductions, than was the CAI. It therefore should not be surprising that sections of manufacturing capital, many of whom would have come under the umbrella of the ACCI, would have supported the radical neo-liberal movement during the 1990s.

Although mining, as a sector, may not have always been the largest contributor to movement organisations, its support has been crucial and consistent, and the mining sector has contributed a greater amount as a proportion of its size than has manufacturing. Mining companies comprise far fewer of the largest Australian companies than do manufacturers, and account for a smaller percentage of GDP. That is, there are simply more manufacturing companies than any other sector. It is therefore not surprising that manufacturers are well represented amongst movement sponsors.

If we look at who took leadership roles within the movement, it is clear that mining and finance dominate. One company in particular stands out: Western Mining Corporation (WMC). Hugh Morgan has obviously played a large part in WMC's strong links to the radical neo-liberal movement, but its consistent sponsorship of the movement has no doubt also been facilitated by the leadership roles taken within the movement by other WMC figures such as Arvi Parbo, Ray Evans, Dame Leonie Kramer and David J. Brydon. Such corporate activism pre-dates Morgan's involvement in the movement. In 1975 the *IPA Review* reported that L. C. Brodie Hall, resident Director of WMC in Western Australia had helped to establish a 'very active' IPA committee in Western Australia.[86]

Agricultural capital is surprisingly little represented, given the militancy of the NFF. The NFF did support the NPP, and it is possible that it supported the think tanks, however the fact that it was able to act as a radical neo-liberal vanguard

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[86] 'New Members of IPA Council', *IPA Review*, January-March 1975, p. 13.

organisation in its own right perhaps meant that it had little need to fund external organisations and chose to spend its money on projects it could directly control.

In conclusion, mining, finance and anti-regulation manufacturing capital were the most important corporate supporters of the radical neo-liberal movement. Because of its consistent, reliable, substantial and strategic funding (coming at times when the movement needed it most), as well as its unparalleled leadership within the movement, mining capital is the most important of these three. Next comes finance capital: its strong financial support coupled with its leadership within the movement, which was second only to mining's, assures it of this place. Third are the anti-regulation manufacturers who sometimes provided more funds than the mining capitalists, but who nevertheless played a less important leadership role. Big capital did not shy away from funding the movement, but small business was also important, however primarily in the funding of specific projects, such as Project Victoria and the National Priorities Project. Other sectors such as Construction, Retail, Media and Business Services were consistent supporters, but made up a smaller proportion of total funds than did the aforementioned capital.

Why did capital fund the movement?

Neo-liberalism has been an attack upon the fundamental features of the post-war consensus, both domestically and internationally. In Australia it has also meant an attack upon the domestic defence model that underpinned national economic development for the first seven decades of the twentieth century. The radical neo-liberal movement has been the most self-consciously ideological and fundamentalist component of this attack. It has been the vanguard of neo-liberalism. In examining the relationship between the radical neo-liberal movement and the capitalist class, the question that needs to be addressed is why sections of the capitalist class gave support, not merely to a new pattern of state-capital relationships – neo-liberalism – but also to what, in the mid to late 1970s, was a relatively obscure and loose grouping of intellectuals – the radical neo-liberal movement.

No doubt part of the explanation for the support by capitalists of the radical neo-liberal movement is simply that the ideological preferences of individual capitalists happened to coincide with those of the movement. This is particularly true for those capitalists who were also movement activists. Hugh Morgan, for example, shared both the economic ideology of the movement as well as the conservative social views of many of its participants. Such capitalists would have been in a position to argue for the disbursement of funds from their companies to the movement.

Another possible explanation is that the corporate funding of the radical neo-liberal movement was simply part of the philanthropic activities that many businesses engage in. Just as some businesses provide money to charities, such as the Smith Family and other non-profit organisations, so they also provided money to the Centre for Independent Studies, the Institute of Public Affairs, the Tasman Institute and the Australian Institute for Public Policy. Such an explanation however ignores the crucial question of why certain sections of the capitalist class chose to channel funds into what were overtly ideological and what were viewed as, particularly in the early to mid 1980s, fringe and quite politically radical organisations?

The most satisfying answer to these question lies in accounting for the interests of such corporations and how the funding of movement organisations served these interests. Broadly speaking, those who funded the radical neo-liberal movement tended to be corporations that had an interest in the flourishing of a neo-liberal agenda, as well as those who stood to lose from public interest regulation, environmental regulation, or the enlargement of Aboriginal land rights. Not coincidentally, the major supporters of the radical neo-liberal movement were also part of the capitalist neo-liberal mobilisation. That Mining and Finance capital are two of the leading supporters of the radical neo-liberal movement is telling, for they were also leaders of the capitalist neo-liberal mobilisation. The radical wing of this mobilisation however, while supporting some projects, and while involved in the movement, was not a driving force of

the movement. Many of these capitalists were able to transform their own employer associations into combative organisations for the militant wing of the capitalist mobilisation. They didn't need to fund external groups to do this work for them. For other neo-liberal capitalists, however, funding the radical neo-liberal movement allowed them to radicalise public political debate and undermine and attack their enemies without getting their own hands dirty. Neo-liberal capitalists wanted not merely to restructure the Australian state but to weaken the power of the organised working class in Australia. Not only did the radical neo-liberals provide a constant stream of polemic denouncing the trade union movement, they also heroicised militant capitalists such as Charles Copeman, Jay Pendarvis, Fred Stauber and Wayne Gilbert. They also provided intellectual justification for the militancy of such capitalists. The fact that it has been so difficult to gain access to precise funding sources for the movement is testament to the anonymity enjoyed by many of the movement's financial supporters. This enabled corporations to support radical ideas without themselves being publicly associated with such ideas. For the movement's leaders and capitalist activists, this was not a problem, but other corporations would have been keen, particularly during the 1980s when the radical neo-liberals were actually publicly viewed as radical, to retain their anonymity.

For those companies and CEOs involved in the moderate wing of the neo-liberal capitalist mobilisation then, the radical neo-liberal movement acted as a surrogate for their activism. On the one hand, mining companies could claim to have a strong record of working with Aboriginal communities, whilst on the other hand pouring funds into organisations that questioned the very notion of Aboriginal sovereignty – and thus of Land Rights themselves – and who labelled Aboriginal activists part of an 'Aboriginal Industry'. On the one hand construction companies would negotiate with trade unions over wages and conditions, on the other they would fund organisations who celebrated militant capitalist assaults upon unionised workplaces and who envisaged a utopia where individuals, not unions, negotiated their own wages and conditions.

The link between the capitalist neo-liberal mobilisation and the funding of the radical neo-liberal movement is most apparent in the funding statistics of the IPA. Between 1973 and 1994 there was a shift in the funding base of the Institute. In 1973, manufacturers made up the overwhelming proportion of corporate subscribers to the IPA – 'Mining' and 'Primary Production' companies comprised only 22 out of 515 corporate subscribers, or 4 per cent. The total subscriber numbers for 'Metal Trades', 'Food Drink and Tobacco', 'Building Materials', 'Printing and Paper' and 'All Other Manufacturing' was 286 companies or 55 per cent of all corporate subscribers.[87] By 1992, as noted before, mining capital contributed about 15 per cent of the IPA's revenue, with Manufacturing contributing only slightly more.[88] In the intervening 20 years mining capital was an important part of the capitalist neo-liberal mobilisation whilst many within the manufacturing sector continued to tie themselves to the 'Settlement' institutions of tariffs and arbitration and were hostile towards the radical neo-liberals. As the IPA shifted from anti-communist Keynesianism to conservative neo-liberalism, so its funding base shifted from manufacturers tied to welfare capitalism, to mining and finance capital who agitated for the neo-liberal transformation of the Australian state. This division is reflected in the funding of the movement as a whole.

Although many of its membership were strong supporters of the radical neo-liberal movement (30 of the 135 corporations who funded the CIS in 1996 were drawn from the ranks of *Business Review Weekly*'s Top 100 Australian corporations), the BCA supported, financially, only a few projects of the movement – the NPP, Project Victoria and the IPA's federalism project.[89] Despite this support the BCA did not rely upon the movement for advice or research support. This is in line with its pragmatic political strategy. The NPP and Project Victoria served the interests of the BCA by publicly promoting and

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[87] Michael Bertram, *A History of the Institute of Public Affairs*, p. 117.
[88] John Hyde, 'The Director's Report to the 1992 AGM', p. 62.
[89] Anon., 'Federalism Project Underway', *IPA Review*, Vol. 47, No. 1, 1994, p. 63; Des Moore and Michael Porter, 'Preface' in Des Moore and Michael Porter (eds), *Victoria: An Agenda for Change*,; and Anon., 'Statement of Income and Expenditure for the Period 28 Oct 87 to 17 May 88' in NPP, *National Priorities Project – Combined Meeting of the Trustees and the Research Management Group*, NBAC Z383/14.

legitimating radical neo-liberal ideas. By helping to shift the centre of political debate in Australia, these projects created a favourable environment in which the BCA could pursue less radical neo-liberal policies that had a chance of being implemented by the Labor federal government of the time. By funding Project Victoria, the BCA was helping to provide policy ideas to a zealous State government that, it was hoped, would have a flow on effect beyond the boundaries of that State.

As for the conservatism of much of the movement, for many capitalists this probably fit, broadly, with their own world view. Some capitalists may have seen the benefits for their corporation of promoting conservative ideology. McDonald's support for the CIS 'Taking Children Seriously Project' may be explained because the promotion of conservative notions of family buttressed the image of 'McDonalds Family Restaurants'. But for other capitalists, conservative ideology had long since faded as a necessary buttress for the capitalist system. Where once the nuclear family was central to the process of capital accumulation, by the 1990s, this was no longer the case. Female entry into the workforce and the increasing visibility of the gay and lesbian community provided more terrain for capitalist commodification. For such capitalists, the embrace of conservatism was perhaps a small price to pay for the promotion of neo-liberalism and the undermining of the 'enemies of capital'. The libertarianism of some of the movement may have offset any objections that similarly minded capitalists may have had.

By 1996 the movement had much more legitimacy within the capitalist class. There had been a shift in political debate to the Right and a largely sympathetic media (as discussed in the next chapter) had framed the movement's organisations as independent research institutions. Twenty years of interaction between the movement and sections of capital had sown strong roots and a number of Australian capital's leading figures – Rupert Murdoch, S. Ballieu Myer, Hugh Morgan, Michael Darling, John Calvert-Jones, Arvi Parbo – were publicly associated with the movement. This of course did not mean that all capitalists wanted to support the product offered by the movement. What it did

do was significantly lessen the stigma attached to sponsorship of the radical neo-liberal movement by capital.

Relationship with the broader capitalist class

Corporate funding and support was clearly crucial to the development and longevity of the radical neo-liberal movement, however only a relatively small number of Australian businesses provided such support, and an even smaller number of capitalists involved themselves directly in the movement itself. One possible reason for this is that the majority of radical neo-liberals were academics and former bureaucrats rather than businesspeople. As Doug McEachern notes, 'the most vocal members of the H R Nicholls Society were often those with least direct experience of business'[90] and therefore it is possible that many capitalists did not believe that such ideologues understood the reality of the problems confronting Australian businesses, nor that the radical neo-liberals were in a position to offer them solutions. There are other sectoral and strategic reasons why other sections of capital did not give wholehearted support to the radical neo-liberal movement, and these are explored through a discussion of some of the more important employer associations during the period under review.

Business Council of Australia

Generally, the Business Council of Australia as an organisation had little to do with the radical neo-liberal movement, at least publicly. This is despite the fact that the Business Council of Australia was prepared to fund some individual projects of the movement (including Project Victoria, NPP, the IPA's federalism project); despite some prominent BCA members also being involved in the movement (Hugh Morgan, Arvi Parbo, Will Bailey, Peter Ritchie) and despite movement activists John Freebairn and Tim Duncan working briefly for the

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[90] Doug McEachern, *Business Mates*, p. 51.

Council.[91] Presumably, many BCA members had some contact and sympathy with the movement because many of Australia's top 100 corporations were, by the 1990s, providing it with financial support. We can conclude then that although monopoly capital was a strong supporter of the movement, its major representative organisation, the BCA, tended to keep its distance from the radical neo-liberals.

An examination of the Council's regular journal, the *Business Council Bulletin*, reveals only occasional articles by movement activists. Very little of the research and consultancy work commissioned by the BCA was undertaken by movement organisations (except by NILS). Rather, the Council tended to rely upon groups such as Access Economics, McKinsey, the Australian Graduate School of Management, as well as their own in-house research staff for such work.

One reason for this is possibly that the radical neo-liberal movement, with the exception of Michael Porter and his associates, rarely had the resources or expertise to conduct detailed economic modelling. However the main reason for the BCA's reluctance to engage research consultancy from the radical neo-liberals has to do with the Council's pragmatic political strategy outlined in the previous chapter.[92] First, the BCA was loathe to alienate the Labor government by allying itself too closely with the radical neo-liberal movement which had been identified by the trade union movement and by many within the Labor caucus as a threat to the labour movement. Second, given the strident ideological nature of most of the output of the radical neo-liberal movement, it is unlikely that they would have produced research and policy recommendations that fell within the bounds of what was considered to be politically realistic under a federal Labor government. It is for this reason that on one of the BCA's most

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[91] Duncan was a policy adviser for the BCA, see:
http://www.brisinst.org.au/people/duncan_tim.html. Freebairn was Research Director for the BCA from 1984-1986, see Profile of Professor John Freebairn:
http://melecon.unimelb.edu.au/staffprofile/jfreebairn/home.html.
[92] Michael Codd who, after leaving the public service went on to become a Board Member of several large Australian corporations says: 'generally speaking the business community, certainly at the top end, is putting some effort through the BCA into funding research efforts to try and influence the government on taxation policy … They are happy to do that through their own club, if you like, but its pretty unusual to find people who also want to then give financial support to any of the other think tanks' (Michael Codd, interview with the author).

influential campaigns – the campaign to persuade the Labor government to legislate for enterprise bargaining – the Council turned, as John O'Brien has demonstrated, to Fred Hilmer and the McKinsey company for research and advice, rather than to the radical neo-liberals.[93] Furthermore, the strident ideological outpourings of the radical neo-liberals were quite removed from the official position of the BCA on several issues. For example, the BCA had a much more realistic appreciation of the relationship between state and economy than did the radical neo-liberals:

> Recent debate in Australia has centred on the degree to which government should 'intervene' in the market and the degree to which government should 'get out of the road'. Those who advocate minimal government in favour of an uninhibited market fail to recognise the way in which government is woven into every aspect of our lives. Good government is not peripheral to the market: it is an essential prerequisite which allows any market to function.[94]

So, while the radical neo-liberal movement was advocating the full dismantling of the system of arbitration, the BCA was pushing for less radical, but nonetheless significant, neo-liberal change.

Capitalist hostility

One of the defining features of the radical neo-liberal movement, and indeed, the issue which catapulted them to national media attention was their opposition to the system of centralised industrial arbitration and wage fixation. The term 'Industrial Relations Club' was coined to describe the trade unions, lawyers, journalists and employer associations — particularly the Confederation of Australian Industry (CAI) and the Metal Trades Industry Association (MTIA) —

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[93] John O'Brien, 'McKinsey, Hilmer and the BCA: The 'New Management' Model of Labour Market Reform', *Journal of Industrial Relations*, Vol. 36, December 1994, pp. 468-490.
[94] Paul Anderson (ed), *Australia 2010: Creating the Future Australia*, BCA, Melbourne, 1993, p. 64.

who had a vested interest in preserving the industrial relations status quo.[95] This 'club' was, according to the neo-liberals, the chief obstacle to industrial relations change. Neo-liberals argued that such change should take the form of the abolition of the Arbitration Commission, and its replacement with:

> a network of conciliation commissioners and arbitrators whose function would be to facilitate collective bargaining and act as arbitrators on request, without the pretence of power to enforce their decisions.[96]

and a curbing of trade union power through the extension of legal sanctions against strike action.

This led the Confederation of Australian Industry (CAI), for example, to make quite overt gestures to distinguish its approach to industrial relations from that of neo-liberal intellectuals. Whereas neo-liberals called for the abolition of the Arbitration Commission, the CAI argued for the maintenance of the centralised system of arbitration. Sections of its 1984 submission to the Hancock Review of Industrial Relations, for example, are a direct repudiation of the neo-liberal intellectuals' industrial relations agenda, describing it as 'radical' and as potentially harmful to the economy.[97]

Furthermore, the radical neo-liberals argued for the rapid and total abolition of the system of tariff protections that had evolved in Australia during the twentieth century. With manufacturers making up the core of these employer associations the issue of tariffs naturally created further hostilities between them and the radical neo-liberals. The radical neo-liberals were also major players in conflicts within the capitalist class, supporting, as they did, the assault by farmers and small business associations upon the CAI.

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[95] P. P. McGuinness, *The Case Against the Arbitration Commission*, p. 15; Gerard Henderson, 'The Industrial Relations Club' in John Hyde and John Nurick (eds), *Wages Wasteland*, p. 42.
[96] McGuinness, *The Case Against the Arbitration Commission*, p. 29.
[97] CAI, *Submission to the Review of Australian Industrial Relations Law and Systems, February, 1984*, CAI, Melbourne, 1984, pp. 131-141, NBAC, Z196/190.

The depth of hostility of many within the manufacturing sector can be gauged by their use of terms 'fascist' and 'escapist' to describe the radical neo-liberals in 1986.[98] Indeed, through aiding and supporting the major capitalist representative bodies, the radical neo-liberals have been important players in conflicts within the ruling class. Typical of their position as vanguardists, the radical neo-liberals have also called upon business associations to embrace neo-liberal policies and ideas with greater vigour, such as the new industrial relations environment to be created by the Liberal government's Workplace Relations Act.[99]

Impact of the radical neo-liberal movement on the capitalist class

The radical neo-liberal movement was not responsible for converting the Australian capitalist class to neo-liberalism. This was rather a product capitalists identifying their interests as lying in new economic conditions that could only be achieved through a radical restructuring of the Australian state and the abandonment of many of the institutions and values that had underpinned the development of the Australian economy during the twentieth century. What the radical neo-liberals did do, however was to provide sections of the capitalist class with the language and arguments with which to articulate these interests. They provided general policy frameworks and alternative visions that capitalists could draw upon to critique the Australian welfare state. It was largely through the radical neo-liberal movement that notions such as deregulation, privatisation and marketisation were first popularised in Australia. Alternative policy agendas such as Project Victoria, the National Priorities Project and *Australia at the Crossroads* provided sections of the capitalist class with ideas on how to convert interests into policy agendas. Importantly, the radical neo-liberals provided moral and philosophical arguments and justifications for what, for most capitalists,

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[98] Anon., 'Employer attack on New Right "fascists"', *Sydney Morning Herald*, 2nd October, 1986, p.10, M. Cockburn, 'CAI Attacks "Escapist Fantasies" of New Right', *Sydney Morning Herald*, 21st November, 1986, p.2.
[99] See for example T. Circovic, 'The Role of Registered Employer Organisations in Maintaining and Upholding our Present Labour Market Regime', *Proceedings of the H. R. Nicholls Society XVII Conference*, 1996: www.hrnicholls.com.au/nichvol17/volx009.htm.

were primarily economic considerations. The radical neo-liberals also furnished particular sections of capital with a language with which to understand and critique Australian society. During the 1980s the Australian Chamber of Commerce, particularly under the Presidency of Andrew Hay, and the NFF mobilised the language and arguments of the radical neo-liberals, making use of such terms as the 'Industrial Relations Club' and the 'Welfare Industry'.[100] During its brief lifetime the *ACC Review* (the official journal of the Australian Chamber of Commerce between April/May 1986 and July 1987) was quite aggressive and polemical and thus resembled the tenor of movement publications such as the *IPA Review* and *Policy*.

Fundamentally, capitalists are motivated by perceived interest, rather than by ideology. This is the primary reason for the hostility of some sections of capital towards the movement. It is also the reason why the movement has not influenced the capitalist class so much as providing certain sections of that class with some convenient tools for furthering their own interests. However, as will be become clear in the following chapters, the radical neo-liberal movement acted as a vanguard for the capitalist class in its attempts to restructure the Australian state, and this was been particularly true in the case of combating those groups and individuals who opposed the neo-liberal agenda.

Conclusion

Corporate funding and support were crucial to the establishment, development and longevity of the radical neo-liberal movement. Particular sections of capital were more important than others in providing this funding and support. It is no coincidence that capitalist support for the radical neo-liberal movement came from the neo-liberal power-bloc described in the previous chapter. Those capitalists who sponsored and took leadership roles within the movement were the capitalists who stood to gain most from the radical neo-liberal agenda and

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[100] ACC, *Poll Confirms Accord Failure*, Press Release No. 8601, 14th October, 1986, NBAC, Z196/153; ACC, *Social Welfare Should Not Be Immune From Spending Cuts*, Press Release No. 8661, 23rd July, 1986, NBAC, Z196/153.

who stood to lose most from regulatory agendas, particularly those advocated by the new social movements. The most important and notable of these were mining; finance; the anti-regulation manufacturers and monopoly capital. By funding the movement, capitalists ensured that radical neo-liberal ideas would circulate from sources other than themselves. The movement thus acted as a surrogate for those involved in the moderate wing of the neo-liberal capitalist mobilisation. This was another way of combating those opposed to the state project of neo-liberalism without capitalists themselves having to 'get their hands dirty', or directly confront their enemies such as unions and environmentalists. Capitalist support for the radical neo-liberal movement was thus part of the broader struggle to secure neo-liberal hegemony in Australia. It constituted a backdoor attempt by capitalists to disorganise the opposition to neo-liberalism and to institute a new hegemonic 'common sense'. At the same time, the radical neo-liberals provided sections of the capitalist class with a discursive framework with which to articulate the sectional interests of neo-liberal capitalists as universal interests. Therefore, while the radical neo-liberal movement was a 'non-class' force, it was fundamentally class related and, as shall be argued in the following chapters, had class relevant impacts.

Chapter 6

The Radical Neo-liberal Movement and the Mass Media

The mass media is both a vehicle for hegemony and a site of hegemonic struggle. As capitalist enterprises, media institutions are also agents within hegemonic conflicts. Crucial therefore to any analysis of hegemony is the role of the mass media. This chapter analyses the relationships between the radical neo-liberal movement, the mass media and struggles for neo-liberal hegemony in Australia. It examines how effectively the radical neo-liberal movement was able to use the media as a vehicle for its worldview. How sympathetic was the media to the movement? How did the media frame the movement? What influence did the radical neo-liberal movement have upon the media, and what influence did the media have upon the movement?

The first section of this chapter briefly discusses the hegemonic function of the mass media. It is argued that while the mass media is a key institution in the maintenance of capitalist hegemony, the content of such media is itself subject to contestation at the levels of production and reception. As a key vehicle for the transmission of political information, the mass media has been targeted by the radical neo-liberals as a means of promoting their ideology to a wide audience. The movement has attempted to make its own activities the subject of sympathetic media coverage, promote its values through the mass media, and influence broader political and economic reporting in a radical neo-liberal direction. This has included attempts to shape the way in which media practitioners frame issues. Various tactics have been employed in this endeavour. The second section of this chapter outlines such tactics, while the bulk of the rest of the chapter is concerned with evaluating the success of such tactics. Due to constraints of time, funding and space, this chapter cannot give a comprehensive analysis of the movement's relationship with the mass media. Instead, this

chapter uses a detailed case study of the movement's relationship with the Fairfax media between the years of 1985 and 1996 to provide an indicative picture of this relationship at the broader level.

The construction of news and hegemony

As perhaps the primary source of information about politics for most Australians, the mass media is one of the key mediating institutions of hegemony. Although, as Kellner argues, 'media culture' is a 'contested terrain',[1] it is not a neutral one. As capitalist enterprises, media organisations are key players within the international capitalist economy. Ultimately, media content reflects this reality. That is, media content will tend to be biased in favour of the class to which the owners of media enterprises belong: capital. Media owners do not normally require direct day-to-day intervention to ensure that their broad interests are reflected in media content. As Parenti argues:

> There is no need for ubiquitous supervision, just occasional intervention. The *anticipation* that superiors might disapprove of this or that story is usually enough to discourage a reporter from writing it, or an editor from assigning it. Many of the limitations placed on reporting come not from direct censorship, but from self-censorship.[2]

The mass media, however, is not monolithic: it does allow for dissenting voices, usually within a framework that does not challenge dominant interests, but occasionally outside of such a framework.

This chapter employs the notion of media frames as the key theoretical tool for examining the Australian media's coverage of the radical neo-liberal movement.

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[1] Douglas Kellner, *Media Culture: Cultural Studies, Identity and Politics Between the Modern and the Postmodern*, Routledge, London, 1995, p. 2.
[2] Michael Parenti, *Inventing Reality: The Politics of the Mass Media*, St. Martin's Press, New York, 1986, p. 36.

Here I am borrowing the concept of media frames from Todd Gitlin, who writes that media frames are:

> consistent patterns of cognition, interpretation, and presentation, of selection, emphasis, and exclusion, by which symbol-handlers routinely organise discourse, whether verbal or visual. Frames enable journalists to process large amounts of information quickly and routinely: to recognise it as information, to assign it to cognitive categories, and to package it for effective relay to audiences.[3]

So, frames are regularised frameworks of interpretation routinely employed by journalists and editors in order to understand and package information for an audience. Further, as Entman notes, what is omitted from frames can be just as important as what is included.[4] The construction of news relies upon a process of selection and interpretation by journalists and editors. Frames facilitate such a process. Particularly when people have little alternative information regarding an issue or event, media frames can also serve to condition the audience's understanding of that event.[5] Just as media frames are used by journalists to interpret, process and present information, so they can be internalised by the public. This accords with Stuart Hall's observation that, in audience 'decoding' of 'encoded' media texts:

> Unless they are wildly aberrant, encoding will have the effect of constructing some of the limits and parameters within which decodings will operate.[6]

Frames in news reporting are therefore one mechanism for the media's mediation and construction of hegemony. As Meyer argues:

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[3] Todd Gitlin, *The Whole World is Watching: Mass Media in the Making and Unmaking of the New Left*, University of California Press, Berkeley, 1980, p. 7.

[4] Robert Entman, 'Framing: Toward Clarification of a Fractured Paradigm', *Journal of Communication*, Vol. 43, No. 4, p. 54.

[5] *Ibid.*, pp. 53-54.

[6] Stuart Hall, 'Encoding/decoding' in Stuart Hall (ed), *Culture, Media, Language: Working Papers in Cultural Studies*, Hutchinson, London, 1980, p. 135.

> Legitimacy, the lifeblood of democratic politics, can be acquired only through citizens' consent to what they perceive as the decisions made by political elites. And the chief source of those perceptions, except in the more personal venues of local, interest group and party politics, is normally what the media choose to portray on their "stage".[7]

It therefore follows that media frames play a key part in determining both what counts as legitimate, and how such an assessment is interpreted by the public. Through the use of these theoretical tools this chapter will examine the relationship between the radical neo-liberal movement, its framing by the media, and the significance of these relationships for struggles over neo-liberal hegemony.

Case Study: the Fairfax press and the radical neo-liberal movement 1986-1996

The following case study is intended to provide an indicative picture of the relationship between the radical neo-liberal movement and the mass media in Australia. It examines the way in which the movement was framed by the Fairfax media during the eleven-year period between 1986 and 1996.

Methodology

Using the Dow Jones database, searches were conducted in order to find articles from the *Sydney Morning Herald* (1986-1996),[8] *Australian Financial Review* (1986-1996) and the *Age* (1991-1996) in which one or more of the following movement organisations were mentioned: Centre for Independent Studies,

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[7] Thomas Meyer (with Lew Hinchman), *Media Democracy: How the Media Colonize Politics*, Polity Press, Cambridge, 2002, p. 52.

[8] *Sydney Morning Herald* includes the *Sun Herald* and the *Northern* and *Eastern Heralds*, although there are few examples of such publications mentioning movement organisations.

Institute of Public Affairs, H. R. Nicholls Society, Australian Institute for Public Policy, Tasman Institute, Centre of Policy Studies. These were chosen because they have been the most important of the radical neo-liberal think tanks and forums.

A list was then compiled of the results, the articles were located and their coverage of the movement organisations examined. The articles were classified according to the following descriptors: whether the coverage of the organisation was hostile or non-hostile; whether the organisation's publications, personnel or events were quoted (either directly or indirectly); whether the article was an editorial; and whether the organisation was identified as either right-wing or conservative. Mentions of think tanks in by-lines were not included in the study. Letters to the editor were excluded, as were regular tongue in cheek pieces (such as 'Bourse Sauce') and articles that amounted to nothing more than an advertisement for a upcoming movement event.

The descriptors 'hostile/non-hostile' were based upon the overt description by the journalist of the organisation. This method was used in order to minimise the room for subjective interpretation. That is, rather than attempting to interpret how the organisation was framed within the overall context of the article, the organisation's coverage was evaluated in terms of how the author described, referred to and used the organisation within the article. For example, if the organisation was criticised by a source quoted in the article, but the author made no criticisms of the organisation, then the article would be classified as 'non-hostile'. If, on the other hand, the author attempted to undermine the claims made by that organisation, then the article would be classified as 'hostile'. The 'non-hostile' descriptor was then broken down further into 'endorsement' and 'acknowledgement'. 'Endorsement' refers to those articles in which the journalist explicitly praises or endorses the movement organisation or its claims. 'Acknowledgment' refers to those articles in which the movement organisation is mentioned, whether in passing or as an authoritative source of commentary, without having its aims, ideology or arguments explicitly applauded or endorsed by the journalist. In labelling articles as either hostile or non-hostile and as either

endorsements or acknowledgments, the study errs on the side of caution. That is, for borderline articles the least flattering coverage of the movement was chosen. For example, if a journalist described the movement in a way that contained elements of both hostile and non-hostile coverage, then it was labelled as hostile. Similarly, if it was not clear whether a journalist in a non-hostile article was endorsing the movement or simply acknowledging it, then the descriptor 'acknowledgement' was used.

Searches were also conducted on the selected newspapers during the same period for the incidence of radical neo-liberal activists as authors of opinion pieces or columns.

In addition to the author and organisation searches, a close reading was made of the period 1986-1988, as this was the time of the Fairfax media's discovery of the radical neo-liberal movement – what it referred to as the phenomenon of the 'new right'.

Limitations and justification of the study

Due to constraints imposed by time, funding and the availability of databases, there are a number of limitations to this case study. First, only Fairfax publications are covered by this survey and specifically only the *Sydney Morning Herald*, *Sun Herald*, *Australian Financial Review* and *Age*. This excludes other Fairfax papers as well as the entire stable of News Ltd. papers and other media such as radio and television. Second, the dates chosen for the survey are limited by the constraints of the Dow Jones database. Word searches in the *Australian Financial Review* were able to be performed as far back as 1982, whilst only as far back as 1986 for the *Sydney Morning Herald*, and only back to 1991 in the case of the *Age*. These limitations meant that for the sake of comparison, figures were compiled for the *Sydney Morning Herald* and *Australian Financial Review* from 1986-1996 and from 1991-1996 for the *Age*. It is possible that not all of the references to neo-liberal organisations were captured by the database searches, as sometimes journalists, particularly during the 1980s, used incorrect names

when referring to think tanks. Finally, there is of course an element of subjectivity in the determination of the articles as either hostile or non-hostile, but as explained, this has been minimised as far as possible.

Although limited in scope by the databases available, this study does, nonetheless, provide a ten year overview of the coverage of the major Australian neo-liberal organisations by two of Australia's most important newspapers — the *Australian Financial Review* and the *Sydney Morning Herald* — and a five year overview of the coverage of the same organisations in the Melbourne-based *Age*. Thus, the survey covers the period from the public emergence and consolidation of the radical neo-liberal movement until the election of Howard government in 1996.

Focussing upon the major radical neo-liberal think tanks necessarily excludes others — Centre 2000 and the Adam Smith Club, for example — as well as missing those articles which refer to the movement without mentioning any of the think tanks. However, given the close identification by the media of the movement with its think tanks, the likelihood of such occurrences is low, as is the likely incidence of coverage of the lesser known think tanks. The fact that they are less well known in itself means that media coverage of their activities is likely to have been low.

This survey allows for the identification of trends in the coverage of the radical neo-liberal movement by the Fairfax media. More than this however, the survey results provide an indicative picture of the coverage by the broader print media of the radical neo-liberal movement. Because of the high concentration of print media ownership in Australia, examining the Fairfax media constitutes a substantial swathe of the major print media in Australia. Given that the Fairfax stable of newspapers is generally regarded as more to the left than the other major commercial print media conglomerate, Murdoch's News Ltd., we may reasonably assume that the Murdoch media's coverage of the movement would be at least as sympathetic as the survey results indicate that the Fairfax media has

been. Radio and television are not covered by this survey, but will be discussed briefly later in the chapter.

Results

A total of 996 articles were found which mentioned at least one of the radical neo-liberal think tanks and which were not letters, advertisements or regular comedic pieces. This is an average of approximately three articles per publication per month. The results are outlined in table 6.1.

Table 6.1 Fairfax media coverage of select radical neo-liberal movement organisations
Australian Financial Review **1986-1996**
Sydney Morning Herald **Sept. 1986-1996**
The Age **1991-1996**

Total articles	Hostile	Non-hostile		Quoted	Right-wing	Editorial
		acknowledged	*endorsed*			
996	96	816	84	626	154	40

During the survey period 900 articles (90 per cent) were identified as non-hostile, while 96 (9 per cent) were identified as being hostile towards the movement. Of the non-hostile articles, 816 (81 per cent of the total articles) simply acknowledged the movement, while 84 (8 per cent) offered endorsement of the movement, its ideology or public statements. The incidence of the radical neo-liberal organisations being quoted is relatively high at 626 articles (62 per cent), while incidence of movement organisations being labelled as either 'right-wing' or 'conservative' is a relatively low 154 articles (15 per cent).

Although comprising only four per cent of total coverage, the 40 editorials mentioning movement organisations had a significantly higher level of endorsement (22 per cent) for the radical neo-liberal movement than did other articles, while the incidence of hostile editorials was slightly higher than average at 10 per cent.

As Table 6.2 demonstrates, a number of columnists for the Fairfax publications surveyed were themselves radical neo-liberal activists. Between 1988 and 1996, John Stone was a regular weekly columnist with the *Australian Financial Review*. For much of this time he was also an employee of the Institute of Public Affairs, and he often used his columns to promote IPA publications and referred to the organisation's work as authoritative source material.[9] Rarely did he mention his association with the Institute.[10] P.P. McGuinness was also a regular Fairfax columnist during the survey period. At various times he wrote a regular back page column for the *Australian Financial Review,* and was a columnist for both the *Sydney Morning Herald* and *Age* newspapers. Many of his *Sydney Morning Herald* articles were also syndicated to the *Age*. McGuinness wrote approvingly of radical neo-liberal organisations as well as quoting from and referring to their publications as authoritative sources.[11] In addition to these regular columnists, many other movement activists were able to have opinion pieces published in the Fairfax press. Table 6.2 lists a further 26 such movement activists.[12] All of these columnists used their regular columns to promote radical neo-liberal opinions and arguments. Often these commentators' articles would appear without their organisational affiliation in the by-line. The survey also

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[9] See for example: John Stone, 'Provocative Claims Slide on Ice', *Australian Financial Review*, 26th May, 1994, p. 19; John Stone, 'The Danger of Going to PCs', *Australian Financial Review*, 16th March, 1995, p. 19; John Stone, 'Lies and Lies, and that's Stats', *Australian Financial Review*, 30th November, 1995, p. 19.

[10] Among the few examples are John Stone, 'Praise Due for Staying on Track', *Australian Financial Review*, 8th September, 1993, p. 4; John Stone, 'Provocative Claims Slide on Ice', p. 19.

[11] See for example P. P. McGuinness, 'The Market for Conservation', *Australian Financial Review*, 21st July, 1988, p. 76; P. P. McGuinness, 'Protection Programs are Nonsense, not Commonsense, *The Age*, 13th April, 1995, p. 16; P. P. McGuinness, 'Young People are the Losers', *Sydney Morning Herald*, 14th December, 1996, p. 34; P. P. McGuinness, 'All Worked Up – But Where's the Evidence', *Sydney Morning Herald*, 20th July, 1996, p. 36.

[12] Although every attempt was made to be as comprehensive as possible in this search, it is possible that not all movement activist surnames were searched, and thus that table 6.2 is not exhaustive.

reveals that the movement was able to place articles or speeches originally appearing (or soon to be appearing) in movement journals or forums, in the opinion pages of the Fairfax press.[13]

Table 6.2 Radical neo-liberals as columnists
***Australian Financial Review* 1986-1996**
***Sydney Morning Herald* Sept. 1986-1996**
***The Age* 1991-1996**

Name	Number of articles	Name	Number of articles
P. P. McGuinness	1762	Michael Warby	2
John Stone	393	James Cox	2
Des Moore	35	Ken Baker	2
Barry Maley	16	Ron Brunton	2
Michael James	15	Robert Albon	2
Alan Moran	13	Geoffrey Brennan	1
Richard Blandy	8	Andrew Chisholm	1
Michael Porter	8	Andrew Hay	1
Bert Kelly	7	Hugh Morgan	1
Mike Nahan	5	Chandran Kukathas	1
Geoff Hogbin	5	Wolfgang Kasper	1
Leonie Kramer	4	Ray Evans	1
Susan Moore	4	Warren Hogan	1
Peter Swan	3		
Andrew Norton	3		

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[13] See for example, Chandran Kukathus, 'Land of the Free and the Fearful', *Sydney Morning Herald*, 5th December, 1996, p. 17; Stephen Kirchner, 'Dumping Can Opens up a Bargain Basement', *The Age*, 5th January, 1993, p. 11; Jeffrey Petchey and Perry Shapiro, 'It's Time to Hand Back Taxing to the States', *Australian Financial Review*, 11th May, 1995, p. 17.

Although not themselves activists in the neo-liberal intellectual movement, a number of other Fairfax columnists were sympathetic to the radical neo-liberal agenda, or parts thereof. The columnists listed below quoted approvingly from neo-liberal publications and framed the radical neo-liberal intellectual movement as a legitimate and worthy commentator in public debate.

David Clark wrote a regular column for the *Australian Financial Review* during the survey period, entitled 'On the Other Hand'. Although some articles Clark wrote displayed a facetious attitude toward movement organisations,[14] it is apparent that Clark was at least a semi-regular attendee at movement conferences and gatherings.[15] He also employed the language of the radical neo-liberal movement, such as the term 'industrial relations club'.[16] Furthermore, Clark defended the radical neo-liberals from their opponents.[17] Clark also wrote the *Australian Financial Review*'s 'Student Economic Briefs' — a regular column designed for high school economics students. In these articles, Clark would regularly include references to publications of the IPA — either directly in the text or as suggested further reading.[18] Each year these articles were revised

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[14] David Clark, 'Despite Bleatings by Premiers, State Finances Won't Really be Reformed', *Australian Financial Review*, 25th May, 1987, p. 10; David Clark, 'Federal Election Campaign Promises to be Nothing More than Hot Air', *Australian Financial Review*, 1st June, 1987, p. 10.
[15] David Clark, 'H. R. Nicholls Society Will Continue to Grow – in Influence and Strength', *Australian Financial Review*, 9th June, 1987, p. 14; David Clark, 'Opposition Still Unable to Expand on its Industrial Relations Policy', *Australian Financial Review*, 22nd February, 1988, p. 12; David Clark, 'It's High Time We Cut Off the Funds to Our Molly-Coddled 'Aristocracy'', *Australian Financial Review*, 21st July, 1988, p. 14.
[16] David Clark, 'Let's Stop Kicking the Can and Look Hard at the Labour Issue', *Australian Financial Review*, 6th October, 1986, p. 12; David Clark, 'Popular Subject of Discussion Among Economists is not Economics', *Australian Financial Review*, 31st August, 1987, p. 12.
[17] See for example David Clark, 'Opposition Still Unable to Expand on its Industrial Relations Policy', p. 12. In David Clark, 'Direct the Public Subsidies to Left and Right — then Watch the Arrows Fly', *Australian Financial Review*, 15th December, 1986, p. 16, he gives a qualified defence of the CIS. In David Clark, 'A Topsy-turvy World where the Left is Right and the Right is Left', *Australian Financial Review*, 8th September, 1986, p. 16, he writes 'groups like the H. R. Nicholls Society have an important role to play'.
[18] David Clark, 'Managing Australia's Magic Pudding', *Australian Financial Review*, 15th June, 1994, pp. 38-39; David Clark, 'White Paper or Election Whitewash?', *Australian Financial Review*, 20th July, 1994, pp. 30-31; David Clark, 'Public Good or Private Satisfaction?, *Australian Financial Review*, 3rd August, 1994, pp. 30-31.

and updated, published in book form and marketed to final year high school students.[19] Supplementing this written material each year was a series of lectures given by Clark in capital cities and regional centres. Clark's sometimes ambiguous relationship with the radical neo-liberals was evident in these publications and lectures, for, although offering think tank sources as further reading, he characterised the Centre for Independent Studies as tending to 'concentrate on bolstering academics' CVs rather than public education'.[20]

Former Labor federal Finance Minister, Peter Walsh, wrote a regular column for the *Australian Financial Review* under the moniker 'Cassandra' from 1990 onwards. Although demonstrating, in the early years of this column, occasional hostility towards the radical neo-liberal movement and its attacks upon the Labor government's economic record,[21] he also used neo-liberal publications as authoritative sources,[22] and, as the 'nineties progressed, increasingly framed his arguments within a radical neo-liberal framework. Walsh also enthusiastically took up the movement's new class discourse in his columns.[23]

Maximillian Walsh was economics editor for the *Sydney Morning Herald* and wrote regular columns for both it and the *Age*. As well as generally employing a neo-liberal framework, Walsh regularly quoted approvingly from IPA and CIS publications and sometimes used his column to advertise their upcoming events.[24] He wrote about the H. R. Nicholls society in a non-hostile manner,

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[19] See for example David Clark, *Student Economic Briefs 1990/91*, The Financial Review Library, 1990.

[20] David Clark, *Student Economic Briefs 1997*, AFR Books, Sydney, 1996, p.241.

[21] See for example, Peter Walsh, 'GST 'Advantages' do not Quite Add Up', *Australian Financial Review*, 23rd April, 1992, p. 9.

[22] See for example: Peter Walsh, 'How Australia can Save $3bn', *Australian Financial Review*, 14th March, 1995, p. 15; Peter Walsh, 'Child-Care Scheme Flawed', *Australian Financial Review*, 8th December, 1992, p. 15; Peter Walsh, 'Offshore Oil Fallacies Exposed', *Australian Financial Review*, 26th October, 1993, p. 17.

[23] See for example: Peter Walsh, 'New Class is Just More of the Same', *Australian Financial Review*, 28th August, 1990, p. 13; Peter Walsh, 'Immigration Policy Continued at a Cost', *Australian Financial Review*, 30th July, 1991, p. 11; Peter Walsh, 'Self-Interest Boosts Unemployment Rate', *Australian Financial Review*, 10th December, 1991, p. 13; Peter Walsh, 'Choice of Bias on the ABC', *Australian Financial Review*, 18th August, 1992, p. 16.

[24] See for example: Max Walsh, 'Best Fiscal Policy can be Swamped', *Sydney Morning Herald*, 11th May, 1993, p. 31; Max Walsh, 'Pork-barrelling at its Worst', *Sydney Morning Herald*, 26th July, 1995, p. 41; Max Walsh, 'Keating's J Curve Delivers the Goods', *Sydney Morning Herald*,

viewing it as an important, authoritative voice in industrial relations policy debates.[25]

Glenda Korporaal and Shaun Carney, both regular columnists for the *Age* in the 1990s, not only regularly sourced movement think tanks in their articles, but also wrote a number of positive reviews of their work and influence.[26] Carney, for example, credited the H. R. Nicholls Society with changing 'the broad assessment of Australians about industrial relations'.[27]

As a journalist for the *Australian Financial Review*, Tom Dusevic often sought quotations and used information from movement think tanks, as well as promoting their events.[28] In 1990 he authored an investigation of the think tank phenomenon, with a sympathetic treatment of the radical neo-liberal organisations — other than the H. R. Nicholls Society and Adam Smith Club which he labelled 'masonic like dinner clubs'.[29] Similarly, Rowan Callick often quoted as authoritative sources neo-liberal think tank publications, statistics and opinions, and later became a columnist for the *Australian Financial Review*, giving sympathetic coverage to the radical neo-liberals.[30]

2nd March, 1993, p. 29; Max Walsh, 'Why 'Family' Won't Look in the Closet', *Sydney Morning Herald*, 2nd August, 1994, p. 43.

[25] Max Walsh, 'Scarify, Vilify, Bananafy', *Sydney Morning Herald*, 1st September, 1986, p. 11.

[26] See for example Glenda Korporaal, 'States Need a Firm Push to Common Accounting', *The Age*, 24th May, 1991, p. 13; Glenda Korporaal, 'The Perils of Gradualism', *The Age*, 28th August, 1991, p. 13. Korporaal described the H. R. Nicholls Society sympathetically as 'dedicated to freeing up Australia's industrial relations system' in Glenda Korporaal, 'Aspiring Treasurer Not Big Spender', *The Age*, 25th November, 1995, p. 39.

[27] Shaun Carney, 'Spell of New Right Shows Signs of Breaking' , *The Age*, 23rd January, 1992, p. 13.

[28] Tom Dusevic, 'Step in the Right Direction, but Forecasts 'Too Optimistic'', *Australian Financial Review*, 27th February, 1992, p. 4; Tom Dusevic, 'Keating Promises Hard Line Against the States', *Australian Financial Review*, 29th March, 1990, p. 5; Tom Dusevic, 'Hayden Backs Free Economy', *Australian Financial Review*, 27th November, 1990, p. 3.

[29] Tom Dusevic, 'The Idea Factories', *Australian Financial Review*, 25th May 1990, pp. 1, 3.

[30] Rowan Callick, 'Charity', *Australian Financial Review*, 1st June, 1993, p. 12; Rowan Callick, 'Wages Survive NZ Reforms', *Australian Financial Review*, 5th February, 1996, p. 8; Rowan Callick, 'Australia: The Land at the Point of no Return', *Australian Financial Review*, 22nd June, 1995, p. 1; Rowan Callick, 'Labor's Economic Policies Causing Unemployment: Hughes', *Australian Financial Review*, 1st December, 1994, p. 4. Of radical neo-liberal think tanks, Brian Toohey says 'journalists who shared those views would be happy to report them as though they were authoritative or independent' (Brian Toohey, interview with the author).

Criticism of the radical neo-liberals has, however, come from a small number of Fairfax columnists. *Age* columnist and economics editor, Ken Davidson, was one of the few consistent critics of the movement in the Fairfax press. He consistently undermined the economic reasoning of the radical neo-liberal movement, pointing out that they were based upon ideology rather than sound economic reasoning, and argued that their policy prescriptions would have dangerous consequences if implemented. The IPA and Tasman Institute's Project Victoria came in for special attention from Davidson.[31]

The radical neo-liberals were a common target of Robert Manne's columns in the *Sydney Morning Herald* and *The Age*. Economic rationalism, argued Manne, was an ideology destructive of the traditions that had brought Australia economic prosperity and social cohesion and had infiltrated the Liberal Party via well funded think tanks, such as the IPA, Tasman Institute and CIS.[32]

In his regular columns in the *Sydney Morning Herald*, Gerard Henderson directed occasional criticism at some in the radical neo-liberal movement. Whilst sympathetic to the radical neo-liberal agenda himself, Henderson was particularly scathing of the involvement of movement activists such as Des Moore, John Stone and Michael Porter in the 'Joh for PM' campaign.[33] In addition, Henderson would sometimes snipe form the sidelines of the movement at inconsistencies in the radical neo-liberal position.[34] As outlined in Chapter Three, Henderson was an early participant in the radical neo-liberal movement, but his establishment of the Sydney Institute — a more mainstream forum of debate than its predecessor, the IPA (NSW) — in 1989 marked his public break with the movement.

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[31] See Kenneth Davidson, 'Economic Change – It's all a Matter of Choice', *The Age*, 2nd May, 1991, p. 13; Kenneth Davidson, 'The Astonishing Art of Slashing Education', *The Age*, 5th August, 1993, p. 17.

[32] Robert Manne, 'The Cruel Experiment', *The Age*, 29th August, 1992, 'Extra' p. 3; Robert Manne, 'Liberals Search for the Right Lesson of Defeat', *The Age*, 30th March, 1993, p. 15; Robert Manne, 'Whatever Happened to the Revolution?', *The Age*, 16th March, 1993, p. 13.

[33] Gerard Henderson, 'Beware False Prophets of the Lunar Right', p. 11.

[34] Gerard Henderson, 'Will Our Politicians Ever Be the Toast of the Town?', *Sydney Morning Herald*, 20th October, 1992, p. 13; Gerard Henderson, 'Up in a Puff Before it Began', *Sydney Morning Herald*, 28th December, 1993, p. 17; Gerard Henderson, 'Dear Dame: A Dose of Self-Criticism Would Not Go Astray', *Sydney Morning Herald*, 28th November, 1995, p. 13.

Regular *Sydney Morning Herald* economics commentator, Ross Gittins, is difficult to classify as either supportive or inimical to the radical neo-liberals. Whilst supporting some of the broad thrusts of the movement's ideology, Gittins was critical of many of the militant methods advocated by the neo-liberals for achieving these. Gittins also believed that the radical neo-liberals had little understanding of the realities of industrial relations at the workplace level. [35]

Michael Stutchbury maintained a sceptical, and sometimes openly hostile, attitude towards the economic analyses and prescriptions of the radical neo-liberal movement in his columns for the *Financial Review*.[36] The exception to this was in his legal columns in which he gave much favourable coverage to the Tasman Institute publication *Monopolistic Restrictions in Provision of Advocacy Services*.[37]

Former Whitlam Minister, Jim McLelland, also used a number of his regular columns for the *Sydney Morning Herald* to attack the radical neo-liberals.[38] Other regular columnists who occasionally attacked the radical neo-liberals were Geoffrey Barker, Mike Steketee, Adele Horin and John Quiggin.[39]

Sydney Morning Herald journalists, Pamela Williams and David McKnight demonstrated an interest in the radical neo-liberal movement in a number of

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[35] Ross Gittins, 'Why Peko Approach Doesn't Work Against Lurks', *Sydney Morning Herald*, 10th September, 1986, p. 15.

[36] Michael Stutchbury, 'How Much Carrot can Mr Keating Give for Reform of the Workplace?', *Australian Financial Review*, 14th December, 1988, p. 16; Michael Stutchbury, 'The Daunting Side of Wages Policy: Deregulation with Minimum Pain', *Australian Financial Review*, 3rd September, 1986, p. 14.

[37] Michael Stutchbury, 'Lost Chance Over Legal Monopoly', *Australian Financial Review*, 13th July, 1992, p. 13.

[38] Jim McClelland, 'Libs Should Look for a Big Mac', *Sydney Morning Herald*, 19th February, 1994, p. 30; Jim McClelland, 'No Spectators, Only Passengers on the Australian Right', *Sydney Morning Herald*, 10th July, 1995, p. 12.

[39] Geoffrey Barker, 'Turn Right to Utopia?', *The Age*, 27th June, 1992, p. 11; Mike Steketee, 'Talent Quest is All Talk, No Action', *Sydney Morning Herald*, 18th November, 1988, p. 17; Adele Horin, 'Phantom Families Fantasy', *Sydney Morning Herald*, 10th November, 1993, p. 14; John Quiggin, 'Myths of the Carbon Tax Debate', *Australian Financial Review*, 14th February, 1995, p. 17; John Quiggin, 'Categories Set Up Hurdle in Savings Debate', *Australian Financial Review*, 20th March, 1995, p. 23.

articles written during the 1980s. Both cast doubt upon the desirability and credibility of the movement's aims, and were keen to draw together the linkages between the elements of the radical neo-liberal movement, and to trace its influence within other organisations and with other individuals.[40]

The Fairfax media's discovery of the 'new right'

Although the term had been used earlier in Australia,[41] in 1986 the media as a whole discovered the 'new right' as a political phenomenon. It was at this time that the 'new right' became a major referent for the Australian print media. The catalyst for this was the Robe River industrial dispute in the Pilbara region of Western Australia. Specifically, it was the revelation in August 1986 that Peko-Wallsend Chief Executive, Charles Copeman, was a member of the H. R. Nicholls Society that created a flurry of interest in the new right. On August 27th, 1986, the *Sydney Morning Herald* reported upon Copeman's disclosure from the previous day that he was a member of the H. R. Nicholls Society, described by the *Herald* journalist as 'an informal group of outspoken businessmen who, Mr Copeman says have "fellow feelings about the benefits of deregulation."'[42] It was in this context that, the following day, the *Sydney Morning Herald* carried an article investigating the H. R. Nicholls Society in more detail. Attendants of the inaugural meeting were referred to as 'hard-line right-wingers' and a 'group of ultra-right wing professionals', and it was suggested that the group may have 'caused a toughening of the Liberal Party's industrial policy'.[43]

Although the H. R. Nicholls Society had held its inaugural meeting six months earlier on the weekend of 28th February- 2nd March, this went largely unnoticed by the mainstream media at the time, apart from an article a few weeks later in

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[40] See David McKnight, 'The New Right: A Consumer's Guide', pp. 41, 45; David McKnight, 'Something's Ailing the Doctors', *Sydney Morning Herald*, 8th February, 1989, p. 13; Pamela Williams, 'New Right Exerts Power on Liberals', p. 10; Pamela Williams, 'New Right Regroups for Attack on Unions', *Australian Financial Review*, 2nd June, 1988, pp. 1, 10.

[41] See for example Marian Sawer (ed), *Australia and the New Right*.

[42] Anon, 'Social Security Decides Robe River Workers Entitled to Dole', *Sydney Morning Herald*, 27 August, 1986, p. 2.

[43] Anon, 'The Professionals Form Private Club to Swing Liberals to the Right', *Sydney Morning Herald*, 28 August, 1986, p. 4.

the *Bulletin*.[44] Once Copeman's H. R. Nicholls Society membership was revealed, however, at the height of a militant campaign against its unionised workforce by Peko-Wallsend, the Society itself became synonymous with the Robe River dispute. The media's coverage of Copeman's H. R. Nicholls Society membership lead to public criticism of the mining chief by Labor politicians, such as Bob Hawke's branding of the Society as 'political troglodytes',[45] which itself generated more mentions of the Society in the Fairfax press.

The 'new right' was the term used by many journalists to describe the network of politicians, businessmen and academics (the radical neo-liberal movement) who, it now turned out, had been discussing strategies to dismantle the arbitration system for at least six months prior to the Robe River dispute, and from late August through the month of September 1986, the 'new right' became front page news in the Fairfax press. Background pieces were published on the 'new right',[46] and the 'new right' was often mentioned in connection with radical neo-liberal think tanks and forums, as well as in connection with individuals and groups such as Andrew Hay, Charles Copeman, John Stone, the Australian Federation of Employers, and the National Priorities Project.[47]

The accuracy of the print media's analysis and understanding of the new right varied, but some general trends can be identified. Rather than describing it as a movement, journalists tended to write about the new right as if it were an organisation or a lobby group. Andrew Hay, for example, was described on a number of occasions as a 'leader'[48] of the new right, and 'membership' of the new

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[44] Tim Duncan, 'Waving a Mischievous Kerr Flag', *The Bulletin*, 18th March, 1986, pp. 27-29.

[45] Hawke in Mike Taylor and Jenni Hewitt, 'Hawke wades into Peko row', *Australian Financial Review*, 29th August, 1986, p.1.

[46] David McKnight, 'The New Right: A Consumer's Guide', pp. 41, 45; Anon, 'The Professionals Form Private Club to Swing Liberals to the Right', p. 4.

[47] Colleen Ryan, 'Andrew Hay Plots a Volley of New Right People Power', *Sydney Morning Herald*, 6th September, 1986, p. 45; Paul McGeough, 'Vision of the New Right', p. 1; Gerard Noonan, 'AFE Splits as Members Baulk at Political Stance', *Australian Financial Review*, 4th December, 1986, p. 3; Mike Taylor, 'Business Group Links with Dries to Form Right-wing Think-tank', *Australian Financial Review*, 16th September, 1986, p. 2; Editorial, 'The New Rhetoric', *Sydney Morning Herald*, 10th September, 1986, p. 14.

[48] Anon, 'New Right Leader Wants to Free Up Communications', *Australian Financial Review*, 8th October, 1986, p. 4; Jack Taylor, 'A Gallagher of a Different Hue', *Sun Herald*, 31st August, 1986, p. 43.

right 'group' was often referred to.[49] Those more sympathetic to labour market deregulation tended to have a more accurate description of the nature of the movement, whilst ignoring the crucial organisational role played by think tanks and forums and the radical nature of their ideology. The *Australian Financial Review*, for example, editorialised that the new right 'operates mainly through networking' and was but 'one more manifestation of the gathering unease over the present direction of Australian industrial relations, now widespread in the community'.[50] Similarly, Max Walsh labelled the H. R. Nicholls Society as simply 'a collection of critics of the industrial system of this country'.[51] Such authors also tended to downplay the power of the radical neo-liberals and argue that, whilst their tactics may be radical, their goals of labour market deregulation were not. While some derided the 'new right', in the face of criticisms of the new right by the CAI as 'fascists', and Hawke's labelling of them as 'political troglodytes', a number of commentators argued that the ideas of the radical neo-liberals should be judged on their merits, rather than according to prejudice or ideology.[52] Michael Stutchbury, a consistent critic of radical neo-liberalism, described the H. R. Nicholls Society as a 'smokescreen' for the source of the real push for labour market deregulation: the financial markets.[53]

For other Fairfax journalists, the new right was 'fragmented but powerful'[54] and primarily responsible for the Labor Party's declining support in opinion polls.[55] While some critics of the radical neo-liberals ascribed a sinister, conspiratorial character to the 'new right', such an analysis was rejected by most of the press reports of the new right. A federal election was due to be called sometime in 1987-88, and speculation abounded that the 'new right' would be a force at those polls — whether indirectly through the Liberal Party, or directly by standing its

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[49] Mike Taylor, 'New Right Poses Dilemma for Employers but the Answer May be Found in Marx', p. 8; Steve Burrell, 'The New Right Threat: MP Warns', p. 1.

[50] Editorial, 'The 'New' Industrial Relations Debate', *Australian Financial Review*, 2nd September, 1986, p. 14.

[51] Max Walsh, 'Scarify, Vilify, Bananafy', p. 11.

[52] *Ibid*., p. 14; Editorial, 'The New Rhetoric', p. 14.

[53] Michael Stutchbury, 'The Daunting Side of Wages Policy: Deregulation with Minimum Pain', p. 14.

[54] Gregory Hywood, 'High Stakes in Watershed Political Struggle', *Australian Financial Review*, 29th August, 1986, p. 1.

[55] David McKnight, 'The New Right: A Consumer's Guide', p. 41.

own candidates. The new right was taken as evidence of a general shift to the right, and it was assumed, in hindsight, that the new right was responsible for 'changing the broad assessment of Australians about industrial relations'.[56]

Interest in the new right as a phenomenon continued into 1987, but began to subside from 1988 onwards. After this there were still occasional articles on the 'new right', and the new right was generally only mentioned by its critics within the media, or in reference to the histories of movement activists such as Peter Costello, Ian MacLachlan, David Kemp, Rod Kemp, John Stone — all of whom became Coalition MPs in 1987 or after — as well as Michael Kroger, who was becoming a leading functionary within the Liberal Party.

Interpretation

Between 1986 and 1996 the radical neo-liberal think tanks received generally sympathetic coverage from the Fairfax newspapers surveyed. While articles that endorsed the radical neo-liberal movement constituted only 8 per cent of the surveyed articles, the fact that 90 per cent of the total coverage was non-hostile indicates that the organisational arms of the radical neo-liberal movement have been treated, by the Fairfax media, as legitimate actors on the Australian political stage. That 62 per cent of the articles surveyed quoted movement sources, strengthens this contention. Perhaps the most telling statistic, however, is that despite the obvious ideological bias of the radical neo-liberal think tanks, only 15 per cent of articles surveyed described them as either right-wing or conservative. This suggests that movement organisations have tended to framed as independent, non-ideological and authoritative sources of public comment, rather than as ideologically motivated and partisan organisations. These findings bear out the comments made by both Greg Lindsay and John Hyde that the

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[56] Shaun Carney, 'Spell of the New Right Shows Signs of Breaking', p. 13.

media has tended to view their think tanks as 'independent and authoritative' organisations.[57]

Also telling is the Fairfax editorial coverage of movement organisations. While the overall non-hostile coverage of the movement accords with the average of 90 per cent, part of this figure is made up of the 22 per cent of all editorials that overtly endorsed the activities, ideology or output of the movement. That this is significantly higher than the average is important because editorials are expressions of the general position of a newspaper. It is therefore significant that the *Australian Financial Review*, for example, in numerous editorials between 1986 and 1988 quoted approvingly from reports and publications by the Centre for Independent Studies.[58] In a similar vein, the *Sydney Morning Herald* editorialised that the Liberal Party would do well to take note of the reports produced by right-wing think tanks such as the IPA and CIS, while an *Age* editorialist in 1991 spoke of the 'rigorous' IPA study on state spending.[59]

The exception to this trend is the H. R. Nicholls Society. Even when it was not explicitly labelled as either 'right-wing' or 'conservative', it was generally framed in the context of a discussion about the 'new right'. It was unable to shake off the tag of a radical, right-wing group. Around 30 per cent of articles mentioning this group described it as either right-wing or conservative (compared with 15 per

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[57] Greg Lindsay, correspondence with the author; John Hyde in Diane Stone, *Think Tanks: Independent Policy Research Institutes in the United States, the United Kingdom and Australia*, PhD Thesis, ANU, 1993, p. 82.

[58] Editorial, 'Boon or Economic Folly', *Australian Financial Review*, 13th December, 1988, p. 14; Editorial, 'The Economics of AIDS', *Australian Financial Review*, 2nd February, 1988, p. 14; Editorial, 'Why Privatisation is not an Albatross', *Australian Financial Review*, 20th February, 1986, p. 14; Editorial, 'Is Cure Worse Than Disease?', *Australian Financial Review*, 13th January, 1986, p. 6; Editorial, 'Hands Off Takeovers, Henry Bosch', *Australian Financial Review*, 24th April, 1986, p. 14; Editorial, 'Reforming Our Parliamentary System', *Australian Financial Review*, 2nd April, 1987, p. 12; Editorial, 'Takeovers Do Create Wealth', *Australian Financial Review*, 24th April, 1987, p. 14; Editorial, 'Trade Practices Complexities', *Australian Financial Review*, 1st March, 1988, p. 12. In Editorial, 'Privatising Treasury', *Australian Financial Review*, 29th, August, 1986, p. 14, the *Review* wrote 'The emergence of private research centres like the Centre for Independent Studies and privately funded university-based ones are a welcome step'.

[59] Editorial, 'Liberalism', *Sydney Morning Herald*, 14th July, 1995, p. 12; Editorial, 'Liberal Hopes Ride on Greiner', *The Age*, 7th May, 1991, p. 13.

cent overall) whilst about 20 per cent were overtly hostile towards it (compared with 9 per cent overall).

Perhaps even more significant than the favourable coverage received by the radical neo-liberals was the adoption, by numerous journalists, of the language and ideological frameworks of the movement. The two most successful examples of such discursive infiltration are the Fairfax media's adoption of the terms 'industrial relations club' and 'political correctness'. As outlined in Chapter Two, both terms, in their contemporary usage, are derived from the radical neo-liberal movement. The term 'industrial relations club' came to be employed not only by those sympathetic to the movement but also by those inimical to it. Not surprisingly, movement activists such as Paddy McGuinness and John Stone employed the term in their regular columns to attack the arbitration system and to undermine the legitimacy of trade unions.[60] Movement sympathisers, such as Max Walsh, Glenda Korporaal, Gerard Henderson and Peter Walsh, also mobilised this discourse.[61] David Clark was another regular user of the term.[62] But those not necessarily sympathetic to the movement also employed the term in a similar vein. Michael Stutchbury, for example, regularly employed the term in reference to the peak union and employer bodies

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[60] Among many others see P. P. McGuinness, 'Bigger and Better Unions?', *Australian Financial Review*, 5th May, 1988, p. 76; P. P. McGuinness, 'New Right or New Ideas?', *Australian Financial Review*, 9th August, 1988, p. 68; P. P. McGuinness, 'Sons of Frankenstein', *Australian Financial Review*, 7th February 1989, p. 64; P. P. McGuinness, 'Contestable Union Markets', *Australian Financial Review*, 9th February 1989, p. 72; John Stone, 'The Eve of Trade Union Reform', *Sydney Morning Herald*, 24th December, 1986, p. 6; John Stone, 'Keating's Chance to Show Leadership', *Australian Financial Review*, 20th December, 1990, p. 9; John Stone, 'NZ Labour Reform Benefiting Both Sides', *Australian Financial Review*, 18th June, 1992, p. 15.
[61] Peter Walsh, 'Rules of the Game Need to be Changed', *Australian Financial Review*, 10th January, 1991, p. 9; Max Walsh, 'How the Lucky Blew Their Legacy', *Sydney Morning Herald*, 25th January, 1988, p. 19; Max Walsh, 'UK Version of Japan's Pay Model Worth a Look', *The Age*, 29th April, 1993, p. 21; Glenda Korporaal, 'Why Pursue a National Pay Rise in a Recession?', *The Age*, 17th July, 1992, p. 13; Gerard Henderson, 'It Took a While for the Rat Pack to Turn on the Piper', *Sydney Morning Herald*, 4th December, 1990, p. 13; Gerard Henderson, 'Union Dogma Threatens Cannery Workers', *Sydney Morning Herald*, 18th December, 1990, p. 11; Gerard Henderson, 'Industrial Relations Club Needs Enterprising Arbiter', *Sydney Morning Herald*, 21st May, 1991, p. 13.
[62] For example: David Clark, 'Another Steady-as-she-goes Budget and a Head-kicking for Scumbags', *Australian Financial Review*, 15th August, 1989, p. 14; David Clark, 'Time to Wake Up from Dream that Our Industrial Relations System Can Work', *Australian Financial Review*, 12th September, 1989, p. 14; David Clark, 'Time Now Right for Enterprise Reform', *Australian Financial Review*, 18th March, 1991, p. 11.

supportive of the institutions of arbitration,[63] as did Ross Gittins, albeit less frequently.[64] In 1996 the *Herald*'s Industrial Relations Editor, Brad Norington, called it 'an apt term'.[65] Editorials from the Fairfax papers also used the term. In 1987, for example, the *Sydney Morning Herald* editorial belittled 'the Industrial Relations Club – that cosy coalition of unions, employers' associations, quasi-judges and the Department of Employment and Industrial Relations'.[66]

A similar phenomenon is observable in relation to the terms 'political correctness' and 'politically correct'. Movement columnists such as Stone and McGuinness were regular proponents of the term, as were sympathisers Peter Walsh and Les Carlyon.[67] Editorials also attacked 'political correctness'.[68] But, unlike the 'industrial relations club' terminology, the notion of 'political correctness' was quickly adopted both by regular journalists and by those reporting on culture, entertainment and art.[69] In the Fairfax press, 'political

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[63] See for example: Michael Stutchbury, 'The Liberal Identity Crisis Leaves Labor's Hands on all the Levers', *Australian Financial Review*, 17th August, 1988, p. 14; Michael Stutchbury, 'How Much Carrot Can Mr Keating Give for Reform of the Workplace?', *Australian Financial Review*, 14th December, 1988, p. 16; Michael Stutchbury, 'Gains in an Efficient Right to Strike', *Australian Financial Review*, 3rd April, 1991, p. 15.

[64] Ross Gittins, 'Why Bosses Should Bargain Now', *Sydney Morning Herald*, 10th December, 1986, p. 13; Ross Gittins, 'Economics' Godsend to Arbitration Moves on', *Sydney Morning Herald*, 11th April, 1987, p. 38; Ross Gittins, 'The Nitty-Gritty of Workplace Reform, *Sydney Morning Herald*, 20th February, 1989, p. 29.

[65] Brad Norington, ''IR Club' no Longer the Place of Power', *Sydney Morning Herald*, 12th March, 1996, p. 8.

[66] Editorial, 'The IR Club Rules, OK', *Sydney Morning Herald*, 16th May, 1987, p. 28. For other editorials employing the same terminology see: Editorial, 'Not for Kelty to Dictate', *Sydney Morning Herald*, February 3, 1994, p. 12; Editorial, 'Pilots in the Eye of the Storm', *Sydney Morning Herald*, August 21, 1989, p. 16; Editorial, 'Wage Restraint Trade-off', *Sydney Morning Herald*, February 26, 1988, p. 10; Editorial, 'The Commission's $6 Compromise', *Sydney Morning Herald*, February 6, 1988, p. 12.

[67] P. P. McGuinness, 'Hark to the Sound of Liberty Having its Mouth Closed', *The Age*, 25th March, 1995, p. 23; P. P. McGuinness, 'For the Sake of a Tantrum We Lose Our Status in Asia', *The Age*, 8th July, 1995, p. 23; P. P. McGuinness, 'Intolerance of the Enlightened', *The Age*, 18th September, 1996, p. 17; John Stone, 'May Howard Find the Courage to be Liberal', *Australian Financial Review*, 26th September, 1996, p. 21; John Stone, 'The Danger of Going to PCs', *Australian Financial Review*, 16th March, 1995, p. 19; Les Carlyon, 'Dissenting Opinion Hunted and Shot by the Thought Police', *The Age*, 6th July, 1995, p. 15; Peter Walsh, 'Fads Spawned in the USA', *Australian Financial Review*, 20th July, 1993, p. 15; Peter Walsh, 'Real Hazard to Black Health, *Australian Financial Review*, 17th May, 1994, p. 21; Peter Walsh, 'Free Speech is Under Threat', *Australian Financial Review*, 13th June, 1995, p. 19.

[68] Editorial, 'Ryan Hits the Ethnic Nerve', *Sydney Morning Herald*, 5th December, 1996, p. 16.

[69] See for example: Paul McGeough, 'Wild Cards of the West', *Sydney Morning Herald*, 3rd February, 1996, p. 5; Jim Schembri, 'Living Backstage at Kevin', *Sydney Morning Herald – Metro*, 4th December, 1996, p. 6; Peter Ryan, 'Our History Written with a Politically Correct

correctness' entered the journalistic lexicon in 1992 and rapidly increased in usage, peaking in 1996.[70]

What both of these examples demonstrate is that aspects of the movement's discourse infiltrated journalistic common sense during the 1980s and 1990s in the Fairfax press. Implicit in the use of such terms is an acceptance of the ideological framework informing them: a demonisation of the opponents of neo-liberalism. Clearly this capture of common sense bolsters the struggle for neo-liberal hegemony.

The ability of the radical neo-liberal movement to use the Fairfax media to promote its ideology can be attributed to the relationship between the movement's tactics and the processes of news production; and, perhaps most importantly, to the interests and values that permeate the Fairfax press by virtue of its position as a capitalist enterprise.

Greg Lindsay, Executive Director of the CIS, believes that: 'The media likes us because we give them a lot to write about and we have authoritative voices available to comment on many things.'[71] This is certainly correct, but it belies the extent to which, as outlined in Chapter Three, the radical neo-liberals have actively courted journalists and sought to intervene in public discourse via the media. Through their conferences, journals and other publications, the radical neo-liberal think tanks have had a wealth of material for the media to draw upon. Because of their preference for polemic, emotionally potent oversimplifications, and easily digestible information, this material was in a form readily adaptable to the needs of the media. One survey establishes that 20 per cent of economics and finance journalists view 'think tanks' as 'important' or 'very important' sources of information.[72] Edited versions of journal articles and conference speeches

Bent', *Sydney Morning Herald*, 9th November, 1996, p. 13; Bernard Zuel and Sacha Molitorisz, 'A Tale of Two Brothers Grim', *Sydney Morning Herald*, 9th September, 1996, p. 12.

[70] Andrew Markus, *Race: John Howard and the Remaking of Australia*, Allen and Unwin, Crows Nest, 2001, p. 98.

[71] Greg Lindsay, correspondence with the author.

[72] Z. P. Matolcsy and J. Schultz, 'Errors in Financial Journalism', *Australian Studies in Journalism*, 3, 1994, p. 350.

provided a ready source of material for opinion 'op ed' columns. Within movement organisations, bodies such as the CIS's 'media centre' provided a conduit between this information and journalists.[73] Selected journalists were regularly invited to radical neo-liberal events. It seems reasonable, then, to assert that the tactics employed by the radical neo-liberal movement have contributed to their success in promoting their ideology through the Fairfax media.

The relationship between movement tactics and journalistic processes is evident also in the Fairfax media's discovery of the 'new right'. The period from 1986 to 1988 was a time when the radical neo-liberal movement was undertaking a variety of initiatives. Indeed it was a time of intense neo-liberal activism. In 1986 the Australian Federation of Employers (AFE) was formed, the National Priorities Project (NPP) was launched and the H. R. Nicholls Society was founded. In 1987 the 'Joh for PM' campaign was in full swing, with radical neo-liberals speaking at supporters' rallies and assisting in the formulation of policy. Michael Porter was attempting to get the Tasman University project off the ground, CoPS was de-funded by the federal government, and Bruce Shepherd, as head of the AMA, was employing militant tactics to achieve neo-liberal changes to the public health system. Throughout this period, the radical neo-liberals were a target of criticism for senior Labor figures, representatives from manufacturing employer associations, as well as from the 'wets' within the Liberal Party.

Media savvy as many in the movement were, there can be little doubt that the activities of the radical neo-liberal movement during this period were deliberate attempts at public discourse intervention through the vehicle of the mainstream media. On the one hand the radical neo-liberals employed forms of collective action that were readily understood by the mainstream media, as they conformed to the norms of protest activity established by social movements — the forming of organisations, public meetings, and so on — and thus their activism was tailored to suit the mainstream media. On the other hand, such activities were also disruptive of traditional media frames for interpreting the role of

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[73] CIS, *CIS Annual Review*, 1992-1993, CIS, St. Leonards, 1993, p. 18.

establishment figures, such as right-wing academics and businessmen. Far from inhibiting the coverage of the movement, such a disruption, caused by employing repertoires of collective performance normally associated with social movements, was itself the subject of media interest. It helped to create the new right as a novel phenomenon within the interpretive grid of media practitioners.

The Fairfax media's discovery of the new right was a turning point for the radical neo-liberal movement. Not only did it bring neo-liberal ideas to national attention, it also demonstrated that there was a well-organised movement committed to advocating them. From 1986 the movement received publicity disproportionate to its size. No doubt the radical neo-liberals were emboldened by the publicity generated through their activism. It encouraged them to think that public discourse intervention was a constructive way of achieving their aims. For some within the movement, the movement's support for employer militancy — such as the Peko Wallsend lockout — would have been vindicated. As for the wisdom of engaging in direct action themselves, opinion was divided. Whilst highlighting a number of neo-liberal policy preferences, the 'Joh for PM' campaign and its associated public rallies were a disaster for the Coalition's re-election prospects. Although Paul Kelly is undoubtedly correct to write that, at the time the new right 'was not interested in popularity',[74] it did have an interest in its own credibility, and some saw this threatened by being associated with the 'Joh for PM' campaign.[75]

Direct involvement in direct action was eschewed by most of the movement after this point. They preferred to focus upon more traditional tactics. And, partly as a result of the media's discovery of the 'new right', the climate was favourable for such tactics. During its discovery of the 'new right', the media tended to portray the radical neo-liberals as possessing greater influence than they actually had, and portraying them, sometimes, as part of a radical, popular groundswell. The former was to become a persistent media frame for interpreting the movement. It

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[74] Paul Kelly, *The End of Certainty*, p. 269.
[75] See, for example, John Hyde's sentiments in Louise Dodson & Wayne Burns, 'Reduce Government Sector Says Right-wing Think Tank', *Australian Financial Review*, 17th February 1987, p. 7.

is therefore no coincidence that it was around this time that corporate funding of the radical neo-liberal movement soared. The media's discovery of the 'new right' helped to put radical neo-liberal ideas on the national agenda. It helped to provide momentum for radical neo-liberal ideas and, in doing so opened up a space for less radical neo-liberal ideas. In time, the ideas of the radical neo-liberals would come to be less radical as they began to be reflected in state and federal policy.

The negative consequences for the movement were that, for some journalists, they were inextricably linked with vested interests and an inflexible ideology. This opened them up to criticism from unions, the Labor Party and the Left. As discussed in previous chapters the movement was concerned to head off such criticism. Such criticisms, however, constituted a minority of Fairfax media accounts of the movement.

The period 1986-1988 should be viewed as a battle over the interpretation of the radical neo-liberal movement within the Australia media. It was the outcome of this battle that shaped the general frame employed by journalists for understanding the movement and for presenting it to the public. Between 1986 and 1988 the 'new right' was a common point of reference within the Fairfax media. During this time there were journalists, such as David McKnight and Pamela Williams, who, as already stated, drew links between the neo-liberal think tanks and activists and the support that they received from certain sections of the capitalist class, as well as demonstrating the links and networks that existed between the various participants in the radical neo-liberal movement. It was these journalists who were closest to an accurate description of the movement. After 1988 however, the 'new right' faded as the Fairfax media's primary referent to the radical neo-liberal movement. After this period, apart from the occasional piece on think tanks in general, the Fairfax media tended to treat neo-liberal think tanks and forums separately, and to view them as authoritative, independent public policy institutes. 1986 is the year with the highest percentage (24 per cent) of neo-liberal think tanks and organisations being identified as either right-wing or conservative by the Fairfax media. There

is a sharp decline the following year, to 14 per cent, and a small decline the year after, to 13 per cent. This is illuminating because it tells us that, despite the awareness at the time within the Fairfax media of the ideological nature of the think tanks and organisations associated with the radical neo-liberal movement, and therefore the relatively high level identification of them as right-wing, it was not translated into a general trend in subsequent years. Part of the reason for this may lie in the abnormally high coverage of the H. R. Nicholls Society during this year, however this is not enough to explain the statistical variance.

Another explanation is that the battle over the media's interpretation and framing of the neo-liberal movement was lost by those who sought to see it as a movement integrally linked to the interests of sections of the ruling class. Thus, the ruling class-biased nature of the radical neo-liberal movement was obscured, or ignored by the Fairfax media. The outcome of this media battle was for the media's frame for interpreting the neo-liberal movement to accord closely with the neo-liberal movement's and think tanks' views of themselves. It is because of this that the media's discovery of the 'new right' did not significantly effect the portrayal of neo-liberal think tanks within the Fairfax media. In 1986, neo-liberal think tanks were already being used as authoritative sources of comment by the Fairfax media, and this continued after the media's discovery of the 'new right'.

But the relationship between the tactics of the movement and the processes of news production are not sufficient to explain why the radical neo-liberals received such sympathetic treatment by the Fairfax media. It seems reasonable to argue that the interests of the owners of the Fairfax media played an important role as well. As demonstrated in the previous chapter, media capitalists were important supporters of the radical neo-liberal movement. Even those that did not financially support the movement had a direct interest in the neo-liberal transformation of the Australian state and economy. Media capitalists were part of the broader struggle for neo-liberal hegemony in Australia. Crucial to that struggle was the articulation of the new common sense complementary to the neo-liberal state project, and the concomitant undermining of those ideologies opposed to neo-liberalism or supportive of welfare capitalism. That the radical

neo-liberal movement was able to obtain sympathetic coverage through the Fairfax media is reflective of the general shift, particularly among opinion columnists, to those sympathetic to the broad neo-liberal worldview and away from those opposed to it.

Summary

The preceding survey reveals that the radical neo-liberal movement received generally sympathetic coverage from the *Sydney Morning Herald*, *Australian Financial Review* and the *Age* during the period 1986-1996. Specifically, the frame established for interpreting the activities of movement organisations was that they were non-ideological, authoritative sources of expert commentary. Such framing assisted the movement in using the Fairfax media as a vehicle for promoting its ideology. Not only did journalists report upon and quote the output of movement organisations, but the movement was able to infiltrate the journalistic discourse itself through terms such as the 'industrial relations club' and 'political correctness'. The Fairfax media provided a further vehicle for the promotion of movement ideology by publishing numerous opinion pieces written by movement activists. Only rarely were the authors of such pieces identified as being participants in the radical neo-liberal movement or its organisations.

The Fairfax case study as indicative of the broader Australian media's relationship with the radical neo-liberal movement

It is the contention of this thesis that the relationship between the radical neo-liberal movement and the Fairfax media is indicative of the movement's relationship with the broader media in Australia. The rest of this chapter outlines the grounds for such a contention. Four broad arguments will be made. First, it will be argued that the print media, in particular the *Australian Financial Review* and the *Australian,* played an important role in the emergence of the radical neo-liberal movement in the years prior to 1986. Second, it will be argued that the radical neo-liberals had at least as much access to the broader print media as they

did to the Fairfax media already surveyed. Third, it will be argued that the frame employed by the broader commercial media (whether in print, radio or television) for interpreting the radical neo-liberal movement, was at least as sympathetic as that which characterised the Fairfax media's coverage. Fourth, it will be argued that the broader commercial media in Australia has been a vehicle for neo-liberal hegemony, and that the radical neo-liberal movement has been a key component of this.

The commercial news media and the emergence of the radical neo-liberal movement

Numerous commentators credit the *Australian Financial Review* as being one of Australia's earliest converts to the neo-liberal agenda.[76] Max Newton, one of its early editors, used the paper to push an anti-protectionist agenda.[77] Bert Kelly articulated such an agenda in his regular 'Modest Member' and 'Modest Farmer' columns between 1969 and 1987.[78] The paper's neo-liberal agenda was continued and broadened by successive editors. Fred Brenchley, editor from 1978-1980, writes of the paper's 'low protection agenda'[79] during his tenure. Brenchley took over from movement sympathiser Max Walsh, and was replaced by movement activist Paddy McGuinness who edited the paper from 1980 to 1982 and served as editor-in-chief between 1982 and 1985. McGuinness claims that during his editorship, he 'wrote the majority of editorials',[80] and he clearly had a major influence upon the general direction of the paper, as former editor (1982-1985) Tony Maiden's description of McGuinness as the paper's 'opinions custodian' attests.[81] Importantly, during this period the paper not only had neo-

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[76] Paul Kelly, *The End of Certainty*, p. 44, 48; John Hyde, *Dry: A Defence of Economic Freedom*, IPA, Melbourne, 2002, p. 98.

[77] Paul Kelly, *The End of Certainty*, p. 44 and John Hyde, *Dry: A Defence of Economic Freedom*, p. 98.

[78] Evan Jones, 'The Ascendancy of an Idealist Economics in Australia', p. 64; John Hyde, *Dry: A Defence of Economic Freedom*, p. 33.

[79] Fred Brenchley, 'Journalists' Champagne Fizz Got Up Lots of Noses', *Australian Financial Review*, 16th August, 2001, Supplement p. 5.

[80] P. P. McGuinness, 'Voice of Authority Did Not Hesitate to Interject', *Australian Financial Review*, 16th August, 2001, Supplement, p. 5.

[81] Tony Maiden, 'Australia was Remade on My Shift', *Australian Financial Review*, 16th August, 2001, Supplement p. 7.

liberal sympathies, it was an early advocate of neo-liberal policies. As Maiden argues:

> Much of what the AFR advocated from the wilderness — lower tariffs, competition as an essential driver of growth — were becoming the orthodoxy they are today.[82]

It therefore should not be surprising that the newspaper accorded respect to the emerging radical neo-liberal movement. Jim Carlton says that Paddy McGuinness was able to place articles for the Crossroads Group. Several editorials raised awareness of movement organisations such as the Centre for Independent Studies and the Centre of Policy Studies. Movement activist John Hyde wrote a regular weekly column entitled 'On the Dry Side' for the *Australian Financial Review* from 1984 to 1985. He would often refer approvingly to and quote from neo-liberal think tank publications, including those of his own Australian Institute for Public Policy. Like Stone, he rarely acknowledged his links with the AIPP, nor was this affiliation mentioned in his by-line. Other articles promoted the activities of movement organisations. An example of this coverage can be seen in Paddy McGuinness' 1978 article 'Where Friedman is a Pinko', in which the author reported favourably upon one of the early conferences organised by the Centre for Independent Studies and even included the Centre's phone number. According to CIS Executive Director, Greg Lindsay, 'days of messages' resulted from this article.[83] Lindsay credits the publicity generated through the article with the CIS being taken seriously by a group of businessmen and academics who were looking to establish their own neo-liberal think tank. It was Hugh Morgan, a part of this group, who, the following year, brokered the initial 5-year financial support crucial in lifting the CIS above a shoestring budget, and into an organisational base for the emerging radical neo-liberal movement.[84]

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[82] *Ibid.*, Supplement, p. 5.
[83] See Andrew Norton, 'The CIS at Twenty: Greg Lindsay Talks to Andrew Norton', pp. 16-21; Paul Kelly, *The End of Certainty*, p. 47.
[84] Andrew Norton, 'The CIS at Twenty: Greg Lindsay Talks to Andrew Norton', pp. 16-21.

This is indicative of the effect of such sympathetic coverage by the *Australian Financial Review* of the early activities of the radical neo-liberal movement. Not only did it help to put the movement on the map, it also gave the movement a legitimacy and authority that, in some cases, led to concrete financial support for the movement.

The *Australian* performed a similar role. As David McKnight has demonstrated, in the early 1980s, under the editorship of Les Hollings, the *Australian* reported favourably upon the activities of movement organisations such as the IPA and CIS.[85] In the March 16-17th, 1985 edition of the *Weekend Australian*, an extensive, sympathetic survey of Australia's radical neo-liberal think tanks was accompanied by an editorial suggesting that business should put more money into such organisations.[86] Also during this period, movement activists Greg Sheridan and Peter Samuel were journalists for the Australian and publicised the movement's activities.[87]

As national dailies serving relatively small, but elite audiences, the *Australian* and the *Australian Financial Review* perform an important agenda-setting role. That they provided such sympathetic coverage to radical neo-liberal organisations at a time when the movement was emerging from relative obscurity could only have assisted the movement's drive to establish its legitimacy among the capitalist class and the broader public.

The movement's access to the broader print media

Despite a lack of extensive statistical data it can reasonably be argued that the radical neo-liberal enjoyed at least as positive coverage within, and access to, the broader print media in Australia as it did in relation to the Fairfax media. There are two main reasons for this. First, the Fairfax media is generally considered to

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[85] David McKnight, 'Rupert Murdoch and the Rise of Neo-liberalism: *The Australian* in the 1980s', Paper presented at the Australian Media Traditions Conference, State Library of Victoria, Melbourne, 2003.
[86] Editorial, 'Backing Free Enterprise', *Weekend Australian*, 16-17th March, 1985, p. 16.
[87] David McKnight, 'Rupert Murdoch and the Rise of Neo-liberalism'.

be the more left-leaning of the major print media in Australia. We might, then, reasonably expect the Murdoch and Packer-owned media to be at least as sympathetic to the movement. Second, available evidence suggests a similar — if not a stronger — relationship between the radical neo-liberal movement and the Murdoch press in particular to that which was the case with the Fairfax media.

In addition to Greg Sheridan and Peter Samuel, a number of other journalists for non-Fairfax papers were themselves activists in the radical neo-liberal movement. Tim Duncan, an occasional contributor to the *IPA Review*,[88] has variously worked as a journalist for the *Bulletin*, *Business Review Weekly*, and was the national business writer for the *Australian*. Rod Kemp was also a journalist before taking up the directorship of the IPA.[89]

A number of journalists were friends of the movement — fellow travellers rather than activists. The *Herald Sun*'s Terry McCrann was not only a regular attendee at IPA and Tasman Institute events, he also has given seminars for the IPA.[90] Similarly, Paul Kelly has given seminars for movement organisations as well as contributing to the movement publication *A Culture for Full Employment*.[91] Kelly's *The End of Certainty* provided a sympathetic portrait of the radical neo-liberals as well as offering a version of Australian history which cast neo-liberalism as an heroic overturning of outdated traditions which shackled

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[88] See for example Tim Duncan, 'Our Foreign Masters', *IPA Review*, Vol. 42, No. 3, December-February, 1988/89, pp. 11-12; Tim Duncan, 'Australia's Greatest Economic Mistakes', *IPA Review*, Vol. 42, No. 4, March-May 1989, pp. 30-35.

[89] Kemp worked as a finance journalist for the *Melbourne Herald*. See Kemp's biographical details at Liberal Party of Australia (Victorian Division) website:
http://www.vic.liberal.org.au/FederalParty/Senate/Kemp.htm as at 20th March 2004.

[90] McCrann, for example was a panelist at the launch of the joint IPA/Tasman Institute 'Project Victoria' (Anon., '"Project Victoria" – Blueprint for Victoria's Economic Recovery', *Tasman Report*, April 1991, p. 1; Anon., 'Project Victoria Calls for $1billion in Cuts', *IPA Review*, Autumn 1991, p. 63), as well as being the guest speaker at the IPA Young Professionals meeting in November 1990 (Anon., 'Young Professionals', *IPA Review*, Summer 1991, p. 64) and the IPA's Essington Lewis Speakers' Group in 1995 ('Unemployment, Media and Globalisation', *IPA Review*, Vol. 48, No. 1, 1995, p. 63).

[91] See Hugh Morgan, Paul Kelly, Richard Blandy, David Pennington and William Kristol, *A Culture for Full Employment*, IPA, Melbourne, 1994. Kelly, Max Walsh and P. P. McGuinness were panelists at the Fourth Annual CIS Media Forum in 1996 (CIS, *CIS Annual Review 1996*, p. 8).

Australia to an uncompetitive past.[92] Frank Devine and Des Keegan also gave speeches at and were regular attendees at neo-liberal events. Another sympathiser was Alan Wood, who has been praised by John Hyde for his 'advocacy of dry economics'.[93] The *Bulletin*'s David Barnett — later to become John Howard's biographer – was also a friend of the movement. As Laurie Aarons argues, in the mid 1980s the packer-owned *Bulletin* carried a series of prominent articles and cover stories, authored by Barnett and Sheridan, promoting the movement.[94] Not only were such articles sympathetic, they also described movement activists as 'serious thinkers concerned with serious issues' who were responsible for a 'resurgent' Australian conservatism.[95] Clearly there was a close relationship between numerous journalists writing for the Murdoch and Packer press and the radical neo-liberal movement. Furthermore, the movement's own media monitoring reveals a consistent stream of articles from the non-Fairfax press either endorsing or acknowledging the movement during the 1980s and 1990s.[96]

Like the Fairfax media, the Murdoch media also employed a number of radical neo-liberal activists as opinion columnists. Movement activists John Hyde, Dame Leonie Kramer, Paddy McGuinness, Peter Shack, Katherine West and Lauchlan Chipman all wrote regular columns for the *Australian* during the period under review. In addition, the Murdoch press also carried occasional opinion pieces by other movement activists such as Des Moore, Barry Maley, Alan Moran, Susan Moore, Ken Baker, Ron Brunton, and Michael Warby.

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[92] Paul Kelly, *The End of Certainty*.
[93] John Hyde, *Dry: In Defence of Economic Freedom*, p. 98.
[94] Laurie Aarons, *Here Come the Uglies*, pp. 83-85.
[95] Tim Duncan, 'New Right Crusaders Challenge the Labor Line', *The Bulletin*, October 2, 1984, p. 28; David Barnett, 'Toe to Toe with the Unions', *The Bulletin*, 9th September, 1986, pp. 34-36; David Barnett, 'Taking the Right's Road', *The Bulletin*, 12th July, 1988, pp. 32-33; Tim Duncan, 'Waving a Mischievous Kerr Flag', pp. 27-29.
[96] There are numerous examples of this. See CIS, *CIS Annual Review*, 1992-1993, p. 18. This CIS report also points to the movement's coverage in the broader, non-print media, stating that in 1993, the CIS 'had over 100 radio interviews across Australia on issues ranging from no-fault divorce, constitutional reform in Australia and the excess of government intervention to unemployment'.

Also like the Fairfax media, other print media journalists have embraced the rhetorical arsenal provided by the radical neo-liberal movement. Murdoch columnists have employed the labels 'political correctness' and 'politically correct' to attack social justice issues, the ABC and the Left in general. Frank Devine, for example, labelled the campaign against the construction of the Hindmarsh Bridge a 'politically correct scam',[97] while Christopher Pearson attacked the 'politically correct brigade'.[98]

All of this suggests that the relationship between the radical neo-liberal movement and the broader print media was similar to the patterns observed in the Fairfax media. Given the close relationship between many within the Murdoch stable in particular, and the radical neo-liberals, their treatment of the movement may even have been more favourable, and their adoption of the movement's language even more vigorous, than was the case in the Fairfax media.

Television and radio

Due to its primary focus upon news, newspapers, particularly the broadsheets, were always more likely to cover the movement than television and radio. Indeed, John Hyde has suggested that the very nature of television militated against influence from the 'Dries'.[99] Although coverage in this media may have been less frequent, there is evidence to suggest that the frame used to interpret the movement in television and radio was similar to that of the print media, and that the movement was able to use television and radio to promote their ideology. A number of television and radio commentators were close to the movement or sympathised with its aims. Talkback radio hosts Alan Jones and Brian Wilshire were both supporters of Centre 2000 – the organisation's

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[97] Frank Devine, 'The Wrong Way to Reconciliation', *The Australian*, November 14, 1996, p. 11.
[98] Christopher Pearson, 'Racist Claims Unbalance Scales of Social Justice', *Daily Telegraph*, 21st October, 1996, p. 11.
[99] John Hyde, *Dry: In Defence of Economic Freedom*, p. 98.

magazine, *The Optimist*, carried endorsements from both on its inside cover.[100] Regular radio and television finance commentator, Robert Gottliebsen, was also attended numerous movement functions.[101] In 1995, movement activist, John Stone, was a regular commentator on Channel Ten's 'The Last Shout' program. Reports from movement organisations suggest that it was not uncommon for radio in particular to seek radical neo-liberals for comment on current issues. International speakers invited to Australia by the movement were also likely to receive radio and television coverage. Furthermore, senior political and economics journalists are often sought for commentary on television and radio news and current affairs programs. That many such senior journalists were also movement sympathisers gave the radical neo-liberals another potential vehicle for their ideology. As Geoffrey Craig points out, the print media plays an important role in setting the agenda for the broader news media,[102] so we might expect the print media's framing of the movement to be replicated by television and radio news programs. Like the print media, radio provided a fertile ground for movement discourse. New class discourse in particular was embraced by talkback radio hosts such as John Harker, Alan Jones, Stan Zemanek and John Laws.

The commercial media as a vehicle for neo-liberal hegemony

This discussion of the media's coverage of the radical neo-liberal movement should be viewed in the context of the media's role as a vehicle for neo-liberal hegemony. As a the major source of political and economic information in Australia, the commercial media has an important role in shaping 'common sense'. The ways in which the commercial media frames issues conditions the ways in which people think about such issues. A number of commentators have noted the shift that occurred within the Australian media during the 1980s such that neo-liberalism became the new common sense, and thus governed the way in which issues were framed: that is, interpreted by journalists for the public.

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[100] See for example, *The Optimist*, No. 23, Jan/Feb 1989, inside back cover.
[101] See for example Anon., 'Tasman Guests at Raheen', *Tasman Report*, July 1990, p. 2.
[102] Geoffrey Craig, *The Media, Politics and Public Life*, Allen and Unwin, Crows Nest, 2004, pp. 79-82.

Based on interviews with twenty of Australia's leading political and economic journalists, Brian Toohey, for example, argues that a broad consensus was forged amongst journalists in the 1980s about the correctness of the economic rationalist understanding of the economy and its critique of the role of government.[103] Paul Kelly said the Canberra Press Gallery during the period was 'essentially what I would describe as economic rationalist'.[104] Such a sentiment is echoed by economics editor of the *Sydney Morning Herald*, Ross Gittins:

> It can fairly be said that economic rationalism and its policy expression, micro-economic reform, were 'sold' by the econocrats to a Hawke government … With a few notable exceptions, the economic commentators needed little persuading to join in selling the job.[105]

A survey of 105 economics and finance journalists by Matolcsy and Schultz provides further confirmation of this analysis. They found that a high proportion of journalists surveyed believed that journalists during the 1980s had pushed the dry 'Treasury view' of the economy.[106] A high percentage also broadly agreed with individual neo-liberal policy measures, such as the floating of the dollar, the deregulation of finance and the deregulation of the labour market and that the media 'uncritically promoted the interests of business during the 1980s'.[107] Clearly there were prominent exceptions to this consensus, such as Ken Davidson and Philip Adams, who were consistent critics of neo-liberalism. Such journalists were, however continually attacked and marginalised by the more strident of the neo-liberal commentators and labelled part of the 'politically correct elite'. Clearly the radical neo-liberal movement played a part in attacking

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[103] Brian Toohey, *Tumbling Dice: The Story of Modern Economic Policy*, William Heinemann Australia, Port Melbourne, 1994, pp. 214-239. However, Toohey also says that 'it's too easy to overstate the influence of new right think tanks on journalists' (Brian Toohey, interview with the author).
[104] Kelly quoted in *Ibid.*, p. 215.
[105] Ross Gittins, 'The Role of the Media in the Formulation of Economic Policy', *The Australian Economic Review*, 4th Quarter, 1995, p. 11.
[106] Z. P. Matolcsy and J. Schultz, 'Errors in Financial Journalism', p. 351.
[107] Julianne Schultz, 'Where are the Alternative Views?' in Donald Horne (ed), *The Trouble With Economic Rationalism*, Scribe, Newham, 1992, p. 89.

and undermining dissenting journalists. By portraying particular journalists (notably Press Gallery, Fairfax and ABC journalists) as unrepresentative left-wing elites, the radical neo-liberals have engaged in a sustained assault upon left-leaning opinion and critical, investigative reporting in the media. This assault has, no doubt, constrained the space within the media for the articulation of opinions antagonistic to conservative neo-liberalism, and helped to establish a new common sense within the press corps about the inevitability of neo-liberal policy directions.

Not only did a neo-liberal consensus develop within the Australian media, but certain journalists and newspapers actively campaigned and agitated for neo-liberalism. Ross Gittins for example, writes that some activist journalists in particular were important in transforming elite opinion in Australia into a neo-liberal consensus:

> you would also have to give a lot of credit to the economic commentators, who – led by Alan Wood – also campaigned tirelessly [for tariff reform] over many years. To put it bluntly: the IAC made the bullets and the commentators fired them.[108]

A more blatant example of the media's promotion of radical neo-liberalism is that of the 'Tax revolt' campaigns undertaken by both the *Australian* and the *Sun Herald*. Both are examples of a series of articles which manufacture the existence of a popular groundswell calling for tax cuts and cuts to government expenditure. There is no evidence to suggest that such a movement existed to any significant degree outside of the fledgling radical neo-liberal movement and sections of the petite bourgeoisie and ruling class. Indeed, the *Sun Herald*, in its 'Tax Revolt' articles, could present little direct evidence of the 'revolt'. Nonetheless, on March 1st, 1987 the newspaper ran a five page feature under the heading 'The Great Tax Revolt'.[109] The feature consisted of a series of articles,

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[108] Ross Gittins, 'The Role of the Media in the Formulation of Economic Policy', p. 13.
[109] As examined by David McKnight, 'The Role of the Press in the Rise of Neo-liberalism in Australia', Paper Presented to the APSA 2001 Conference, Brisbane.

vox pops, opinion poll results and a table comparing Australian taxation with other OECD countries. It was adorned throughout by a recurring stylised ghost-busters-like symbol depicting a suited arm stealing money from a person's pocket, with a line struck through it. CoPS head and radical neo-liberal activist, Michael Porter, was quoted in support of tax and expenditure cuts. Whilst the headlines proclaimed 'Why you demand cuts' and 'Cut welfare to reduce tax', the copy was inconclusive. The vox pops also revealed a mixture of responses ranging from people advocating the slashing of welfare expenditure to finance tax cuts and deficit reductions, to people who favoured cuts to defence, to those who opted for no change to the status quo. What did emerge from the feature was that the flat tax option, being proposed by Joh Bjelke Petersen at the time, was framed as undesirable, but that cuts to welfare in order to finance welfare cuts and deficit reductions were framed as desirable.

Of the *Australian*'s similar campaign in 1978, McKnight writes that the 'tax revolt':

> represented a quite conscious decision by the newspaper to adopt a campaigning style ...these campaigns went beyond editorials and affected the selection and prominence of suitable news stories, commissioning special features and using populist language.[110]

The same can be said of the *Sun Herald*'s campaign. This points to an attempt by these newspapers' controlling companies to engender support for cuts to government expenditure and taxation, which the ruling class as a whole viewed as in its interests, by creating the impression of a popular groundswell in favour of such policies. And of course, all of these were causes also championed by the radical neo-liberal movement.

Among the many possible reasons for the media's embrace of a broad neo-liberal consensus are the proselytising effect of the radical neo-liberal movement, the

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[110] David McKnight, 'The Role of the Press in the Rise of Neo-liberalism in Australia'.

educational backgrounds of journalists,[111] and the broader shift in elite opinion that was occurring at the time. Perhaps most important among the reasons however is role of the media proprietors themselves. As noted in the Chapter Four, media capitalists had an interest in the neo-liberal restructuring of the Australian state and economy. Furthermore, as noted in the previous chapter, media corporations and proprietors have seen it as in their interests to support the promotion of radical neo-liberalism.

Rupert Murdoch's corporations have given direct financial support to the radical neo-liberal movement: for example, News Ltd is listed as a sponsor of The Centre for Independent Studies. Individually, the Murdochs themselves have been intimately involved in the movement — through Rupert's membership of the Tasman Institute Advisory Council, his delivery of the CIS John Bonython Lecture in 1994, and Lachlan's membership of the Board of Tasman Asia Pacific. Rupert Murdoch's interest in the flourishing of radical neo-liberal ideas is not confined to Australia. As McKnight points out, 'it is expressed by his membership of the board of the Cato Institute, a Washington-based libertarian think tank and his generous financial support for the Weekly Standard, a national neo-conservative magazine'.[112]

Other media corporations have also been important sponsors of the radical neo-liberal movement. The 1996 CIS Annual Review reveals that Cumberland Newspapers, Davies Brothers, the *Hobart Mercury*, John Fairfax Group, Queensland Newspapers and *Time Australia* were, in addition to News Limited, corporate supporters of the think tank. But support from this sector is not new. The Centre's Annual John Bonython Lecture is named after the former owner of the Adelaide Advertiser, who was the inaugural chair of the CIS Board and one of the earliest financial supporters of the organisation. Peter Wright, a financial supporter of Centre 2000, owned the *Sunday Independent*, and, according to his

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[111] Ross Gittins, 'The Role of the Media in the Formulation of Economic Policy', pp. 11-12.
[112] David McKnight, 'The Role of the Press in the Rise of Neo-liberalism in Australia'.

eulogist, Sir Valston Hancock, used the newspaper 'to publicise his economic philosophy'.[113]

It is therefore not surprising that neo-liberalism has become common sense within the Australian media, and that news outlets have become key players in the struggle for neo-liberal hegemony in Australia.

Conclusion

The commercial media in Australia has been a receptive forum for the promotion radical neo-liberal ideology. News outlets have tended to frame the movement in a positive fashion: as authoritative, non-ideological sources of comment. This has given legitimacy to the ideas of what is a minority movement. Through reportage of its activities, and by employing movement activists as columnists, the commercial media has helped to broadcast the message of the movement beyond the narrow confines of its support base. Whilst perhaps having little direct influence over public opinion (Chapter Seven will discuss the general unpopularity of neo-liberalism), what the media's coverage of the movement did do to generate an awareness amongst elites, opinion makers and policy makers, of neo-liberal policy options. The movement has also furnished journalists – particularly fellow traveling sympathisers — with the movement's rhetorical arsenal: an arsenal which has been vigorously used to demonise the Left and social justice advocates, and a language which brings with it its own logic about the desirability and inevitability of neo-liberal change. Although the impact of the movement has been has been most noticeable in the print media, evidence suggests that radio and television have given similar, although less frequent, coverage to the movement. The radical neo-liberal movement thus contributed to shaping the discourse of one of the key vehicles for the production of hegemonic 'common sense': the commercial media. That it was able to do this was due to several factors, most important of which was the class position of the media

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[113] Valston Hancock, 'Eulogy – Peter Wright', *The Optimist*, November-December, 1985, p. 15.

proprietors themselves and the direct interest they saw in the promotion of neo-liberalism. Media capitalists were willing to use their businesses to contest the hegemony of Keynesian welfare capitalism and to attack opponents of neo-liberalism. In this the radical neo-liberals proved useful shock troops.

The commercial media's relationship with the radical neo-liberal movement also added to the movement's legitimacy. When the media discovered the 'new right' in 1986 it had the effect of facilitating the emergence of the radical neo-liberal movement from relative obscurity, giving it a profile and impetus it otherwise may not have had. It was around this time that corporate support for the movement began to increase dramatically. Had it not been for the commercial media's generally sympathetic treatment of the movement, it is unlikely that it would have developed its finances so rapidly and had an impact on Australian society that belied its small social support base.

The Radical Neo-liberal Movement and the State

Chapter 7

Like the media, the state is a key site of hegemonic struggle and a vehicle for the construction of hegemony. Between 1976 and 1996, the state project of Keynesian welfare capitalism was gradually dismantled, to be replaced with a neo-liberal state project. In order to secure hegemony for this state restructuring, as well to secure electoral hegemony, successive Labor governments from 1983 articulated a One Nation, regime-level hegemonic project. When Labor lost office in 1996, it was replaced by a Coalition government committed to expanding upon the state project of neo-liberalism. In Opposition the Coalition had developed an exclusionary Two Nations strategy for the continuous struggle to secure hegemony for neo-liberalism, and electoral hegemony for themselves.

This chapter examines the relationship between the radical neo-liberal movement and these struggles for hegemony within the major political parties and the Australian state itself. The method for undertaking this examination is a consideration of the movement's relationship to and impact upon the apparatuses of the state; the Australian Labor Party; and the Coalition parties. Although movement organisations claim to be primarily concerned with shaping the 'climate of opinion' and the 'general ideas environment', the radical neo-liberal movement has consistently engaged in attempts to directly influence state policy through political parties and public servants. The movement has also attempted to reshape hegemony by intervening directly in the arena of public education. This chapter will first consider such attempts to intervene directly in the public service and public

education, then consider the movement's relationship with and impact upon the Labor and Coalition parties.

The radical neo-liberal movement and the apparatuses of the state

Despite numerous radical neo-liberal activists being drawn from the ranks of the federal bureaucracy, the movement itself has had little direct influence within the apparatuses of the Australian state. That is, at the federal level, the radical neo-liberal movement has been largely ineffective at using or influencing the bureaucracy to shape Australian public policy in accordance with radical neo-liberal ideology. In contrast, the movement has been quite successful at intervening in the institutions of public education. The following discussion will consider the relationships between movement activists and the spheres of the federal bureaucracy and education, and evaluate their success in using these spheres to further the radical neo-liberal agenda.

Radical neo-liberals as federal bureaucrats

As Table 7.1 illustrates, numerous radical neo-liberal activists were — sometimes senior — federal bureaucrats prior to, or even during, their involvement with the movement. This does not mean, however, that such activists were able to use the bureaucracy as a vehicle for the radical neo-liberal agenda. Rather, although movement activists were instrumental in shifting sections of the federal bureaucracy (most notably Treasury) from a predominantly Keynesian inspired policy framework to a predominantly neo-liberal inspired framework, they were unable to make their own, more radical version of neo-liberalism, the dominant policy framework. It is possible that there were those who chose not to use their position within the bureaucracy to pursue their own ideological ends – whether because they thought it unprofessional or because they thought that such agendas would be unrealistic in the

Table 7.1 Radical Neo-liberals as Federal Public Servants

Movement Activist	Movement Activity	Public Service
William Cole	Became Canberra Director of the AIPP in 1989.	Secretary, Department of Finance (1976-8); Chairman, Public Service Board (1978-83); Secretary, Department of Defence (1984-7)
Des Moore	IPA	Deputy Secretary, Department of Treasury, (1981-87)
John Stone	IPA, CoPS	Deputy Secretary (Economic) Department of Treasury (1971-79); Secretary, Department of Treasury, 1979-1984
Hugh Morgan	IPA, CIS, Crossroads, Tasman Institute	Board of Reserve Bank during Fraser government. Reappointed under Howard government.
Helen Hughes	CIS, IPA	Member, Fitzgerald Committee
Keith Hughes	CIS	Economist, Parliamentary Library
David Brydon	IPA	Approached by John Button to become Member, Automotive Industry Authority, 1988
Alan Moran	Tasman Institute, IPA	Head, Business Regulation Review Unit, First Assistant Commissioner, Industry Commission. Resigned 1990
Ron Brunton	IPA	Office of National Assessment
Tony Cole	IPA	Secretary to Treasury
Brian Tucker	IPA	Chief of Division of Atmospheric Research, CSIRO. Resigned 1992
Ric Charlton	CIS	President, Business/Higher Education Roundtable, 1995
David Anderson	IPA	Department of Foreign Affairs. Former ambassador to Vietnam, France, UN, Belgium
Michael Warby	IPA	Federal Bureaucrat

then prevailing political climate. However, those who clearly attempted to use the bureaucracy as a platform for their ideological agenda had only limited success.

Scholars have noted and analysed the paradigm shift that occurred within the federal bureaucracy, particularly the central agencies of Treasury, Finance, Prime Minister and Cabinet, during the 1970s and into the 1980s.[1] At the most basic level this shift was from a broadly Keynesian-inspired paradigm to a broadly neo-liberal paradigm,

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[1] See for example Michael Pusey, *Economic Rationalism in Canberra: a Nation Building State Changes its Mind*, and Greg Whitwell, *The Treasury Line*.

or as Whitwell describes it, 'from a predominantly Keynesian model to a predominantly neo-classical model'.[2] There can be little doubt that the small number of bureaucrats who were, or who would later become, radical neo-liberal activists were important in this transformation. However, they were unable to transform the bureaucracy in their own image. The best example of this, and perhaps the most important, is that of the Commonwealth Treasury.

Greg Whitwell has analysed Treasury's gradual ideological shift from the mid 1950s until the 1980s. According to Whitwell, from the mid-1970s onwards the 'Treasury line' came more and more to lay blame on government spending as the cause of the stagflation that wracked the Australian economy at the time.[3] From the mid-1970s onwards, Treasury thus embraced the broad principles of neo-liberalism. During this period John Stone and Des Moore, both later prominent movement activists, held senior positions within the Treasury. Stone was Deputy Secretary (Economic) from November 1971-1979 and then Secretary from 1979 until his resignation in 1984.[4] Des Moore was Deputy Secretary from 1981[5] until his resignation in 1987.[6] While there can be no doubt that both Stone and Moore, by virtue of their senior positions, were instrumental in the ideological shift within Treasury during the 1970s and early 1980s, they were not primarily responsible for it.

A confluence of factors explains Treasury's ideological shift. Neo-classical economic theory had already begun to colonise the university economics departments at which treasury officials received their initial training. Within the economics discipline, the ground for the neo-liberal takeover of economics had been laid by the habilitation of Keynesian macro-economics within a neo-classical framework – the so called 'neo-classical synthesis'.[7] Numerous Treasury officials

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[2] Greg Whitwell, *The Treasury Line*, p. 262.
[3] *Ibid.*, pp. 205-235.
[4] *Ibid.*, p. 179.
[5] Samuel Griffith Society website:
http://www.samuelgriffith.org.au/papers/html/volume6/v6app1.htm, at 20th March 2004
[6] Jonathan Chancellor, 'Today's People', *Sydney Morning Herald*, 7th January 1987, p. 20.
[7] Tim Battin, *Abandoning Keynes*, pp. 62-66.

had served with the World Bank and the IMF, which were among the first institutions internationally to embrace neo-liberal doctrine.[8] Furthermore, neo-classical economics and neo-liberal ideology provided the basis for a policy framework which offered policy solutions consistent with the professed interests of capital at the time. Therefore it seems that Stone's and Moore's contribution to the shift to neo-liberalism was one among many.

As Whitwell points out, we should be wary of 'great man' or 'mono-causal' accounts of this ideological shift.[9] He goes on to argue that:

> Without denying that Stone was a powerful intellectual force in the department and without denying the importance of his deep sympathies for the neo-classical model, Stone's position in the department is best seen not as a shepherd leading a flock of sheeplike Treasury officers, but, to offer a more satisfactory metaphor, the zealot among the devout.[10]

Confirmation of their being 'zealot[s] among the devout' can be found in the circumstances of their departures from the public service. Both Stone and Moore resigned, it would seem, due to frustration at their inability to have their ideological agendas implemented. Both Stone and Moore had alienated themselves from their respective Ministers and many of their fellow senior public servants. Both, it would seem, towards the ends of their careers at least, placed ideological conviction ahead of practical policy outcomes. Former senior bureaucrat Michael Keating says Stone was unlikely to offer 'second best' policy solutions to his Ministers,[11] preferring instead options which involved no compromise with his ideological utopia.[12] The radical neo-liberal movement, in contrast, offered Stone and Moore a sympathetic

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[8] Greg Whitwell, *The Treasury Line*, p. 272.
[9] *Ibid*., p. 272.
[10] *Ibid*., p. 272.
[11] Michael Keating, interview with the author.
[12] It should be noted, however, that Stone did not support Labor's floating of the Australian dollar.

audience and the freedom to pursue their ideological convictions without the restraints required by bureaucratic office.

The Treasury example is illustrative of the impact of radical neo-liberal public servants at the Commonwealth level. Although numerous radical neo-liberals held — often senior — positions within the federal public service, this did not translate into the adoption by the public service of a radical neo-liberal agenda. Rather, they were part of a broader shift away from the Keynesian welfare paradigm to a broadly neo-liberal paradigm. They were but a small cadre of bureaucrats among many who were advocating the abandonment of key planks of the Keynesian-welfare paradigm. Under Fraser, Hawke and Keating, this was a more moderate form of neo-liberalism than was advocated by the movement. In order to be effective public servants, the imperative was to work within this paradigm. It is likely that some activists within the public service used the movement, rather than the apparatuses of the state, as the forum for their dogmatic pronouncements. As can be seen by Stone's opposition to the floating of the Australian dollar, there is no guarantee that radical neo-liberals will advocate a consistently radical neo-liberal agenda in public office. Particularly under Labor governments, several movement activists found that their own ideological convictions clashed with those of the new administration. Hugh Morgan, for example, was replaced on the Board of the Reserve Bank under the Hawke government.[13] Another movement activist, Alan Moran, left his senior public service position in 1990 to join the Tasman Institute 'after a series of controversial statements on the environment'.[14] Upon his departure, Labor's Environment Minister, Graham Richardson, said Moran displayed a 'complete lack of understanding' of sustainability issues.[15] Moran thus joined others who had left the public service for the radical neo-liberal movement out of frustration at their

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[13] Symptomatic of the changed relationship between the radical neo-liberal movement and government under the Howard administration was Hugh Morgan's reappointment to the Reserve Bank Board to replace Bill Kelty in 1996, see Bob Wilson, 'Morgan Takes Kelty's RBA Seat', *The Daily Telegraph*, 15th August, 1996, p. 31.
[14] Julie Power, 'Moran Leaves IC for Think-tank', *Sydney Morning Herald*, 29th August, 1990, p. 7.
[15] *Ibid*., p. 7.

alienation within the bureaucracy and their inability to use the bureaucracy to implement their own ideological agendas. This lends further weight to the argument that although the federal bureaucracy was shaped according to the state project of neo-liberalism, it was largely resistant to the *radical* neo-liberal agenda.

Radical neo-liberals and policy influence

We can now examine the impact of the radical neo-liberal movement upon the bureaucracy when it acted as a movement, rather than as a series of isolated individuals. Despite not being lobby groups, radical neo-liberal movement organisations did attempt to influence individual bureaucrats directly. As noted in Chapter Three, the AIPP had a database of bureaucrats which it used to target sympathetic public servants with publications and information about upcoming events. The meetings of the Crossroads group involved strategising about the most effective ways to influence public servants and to intervene in key issues of public policy. Jim Carlton argues that several senior public servants – such as Ken Baxter of the Egg Board and Peter Johnson of the Reserve Bank – were sympathetic to the Group but felt that their public positions made it inappropriate for them to join. The importance of the Reserve Bank's Austin Holmes as a proselytiser of neo-liberal ideas has been noted by a number of movement activists.[16] Public Servants were regular attendees of movement functions and conferences. Furthermore, the fact that a number of movement activists were former public servants meant they had an understanding of the bureaucratic policy process, and could tailor their strategies accordingly.[17] It also brought the movement a network of contacts and sympathisers within the bureaucracy.

Such factors, however, must be evaluated within the broader context of the rationality of the federal bureaucracy from the late 1970s until the mid 1990s. As

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[16] Jim Carlton, interview with the author; John Hyde, *Dry: In Defence of Economic Freedom*, pp. 99-100.
[17] Michael Porter, interview with the author.

already noted, although the federal bureaucracy was moving at this time in a broadly neo-liberal direction, it was doing so, for most of the period, with a Labor government in power. This meant that many of the policy options of the radical neo-liberal movement were viewed as either too radical or as having the potential to alienate too many constituents. It would seem that many of the senior bureaucrats most heavily involved in shaping Labor's neo-liberal policy had little if any contact or regard for the radical neo-liberal movement.[18] Further evidence of this is that the movement produced few commissioned reports for the federal government or its agencies.[19]

Radical neo-liberals and public education

Perhaps the arena of the state into which movement activists have insinuated themselves most is that of public education, at all levels: primary, secondary and tertiary. As discussed in Chapter Three, a feature of the movement has been the involvement of university academics. All of the radical neo-liberal think tanks have had significant involvement from social science and humanities academics, many of them professors. This has been one of the keys to the movement's ability to establish its legitimacy. In addition, some movement activists have also held senior positions at some of Australia's public universities — Dame Leonie Kramer was Chancellor of Sydney University, Ric Charlton of CIS became Chancellor of Newcastle University in 1994, and Lauchlan Chipman the Vice-Chancellor of Central Queensland University in 1996.

Occasionally, movement organisations have achieved formal relationships with public universities. For example, 'The Full Employment Project' was a 'joint

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[18] This assessment is agreed upon by former senior bureaucrat Michael Keating. Of the radical neo-liberal think tanks, Keating says 'They had little influence. I doubt that most politicians in the Labor Government had ever read them and I doubt many senior bureaucrats ever read them' (Michael Keating, interview with the author). Ross Garnaut, former adviser to Bob Hawke, says of the radical neo-liberals 'They weren't very central to the story' (Ross Garnaut, interview with the author).
[19] An exception however is IPA, *Efficiency of States Spending*, Background Paper No. 7, Office of the Economic Planning Advisory Council, Australian Government Publishing Service, Canberra, 1990.

venture' between the IPA & Melbourne University's Institute of Applied Economics and Social Research,[20] and in 1995 the IPA jointly organised the 'Risk, Regulation and Responsibility Conference' with the ANU's Centre for Applied Economics.[21] The most far reaching of these relationships however was the formal affiliation in 1995 of both the Tasman Institute and Tasman Asia Pacific with Melbourne University.[22]

Radical neo-liberal activists have also joined with capitalists in an attempt to establish two private universities in Australia. The Australian Simon University was an initiative of Lady Fairfax, using the brand name of the University of Rochester's William E. Simon Graduate School of Business Administration. It was to be a fee-paying educational institution based in Sydney. CIS activists were well represented on the management council, including capitalists Maurice Newman, James Beatty and Andrew Kaldor, and intellectuals Peter Dodd and Greg Lindsay.[23] A similar venture was the Tasman University project, driven by then Director of the Centre of Policy Studies, Michael Porter, and backed financially by radical neo-liberal capitalists John Elliott, Hugh Morgan and Will Bailey.[24] Both institutions planned to offer business degrees and both failed to establish themselves as viable operations.[25] Clearly, both were attempts to challenge the hegemony of welfare capitalism by putting radical neo-liberal philosophies into practice; to establish educational institutions based, both pedagogically and organisationally, around such

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[20] Helen Hughes, *Achieving Full Employment*, Full Employment Project, Institute of Applied Economics and Social Research, University of Melbourne, Parkville, 1994, back cover; and Anon., 'Full Employment Project Launched', IPA Review, Vol. 46, No. 4, 1994, p. 63.
[21] Anon., 'Prosperity Reduces Risk', *IPA Review*, Vol. 48, No. 2, 1995, p. 64.
[22] Melbourne Univeristy, Statute 9.46, Melbourne University Website: http://www.unimelb.edu.au/Members/tasman.htm and Anon, 'Melbourne University Affiliation Agreement', *Tasman Report*, July 1996, p. 4.
[23] Steve Lewis, 'Private Universities on Parade', *Sydney Morning Herald*, 14 November 1989, pp. 41-42, Valerie Lawson, 'University of Broken Dreams', *Sydney Morning Herald*, 8 December 1990, p. 46.
[24] Mark Davis, 'Private Sector Supports Trans-Tasman Uni Project', *Sydney Morning Herald*, 27 November 1987, p. 5, Glenn Milne and Anne Susskind, 'Foster's: the Beer behind the Uni', *Sydney Morning Herald*, 27 November 1987, p. 3.
[25] Out of the ashes of the failed Tasman University project was born the Tasman Institute in 1990 (Michael Porter, interview with the author).

philosophies; and in doing so, to challenge the legitimacy of public education in Australia.

The radical neo-liberal movement also attempted to influence, directly, high school students, their teachers, and university students. In 1976 the Brisbane-based Foundation for Economics Education (Australia) was founded,[26] one of its aims being to promote the radical neo-liberal ideology within schools.[27] Based upon the American Foundation for Economic Education,[28] one of its founders, Viv Forbes, received the Adam Smith Award in 1986.[29]

Building upon such activities, both the IPA and CIS co-ordinated well-organised attempts to intervene at the 'grass-roots' level in education. In 1989 the CIS established the Economics Education Resource Centre (EERC), the aim of which was to target a radical neo-liberal agenda to high school economics teachers:

> An interventionist position is often adopted in textbooks and by teachers in their exposition of controversial issues associated with many school topics … The main aim of the EERC is to update teachers' knowledge of economic theory and policy and to promote an understanding of the role of markets in creating wealth through an efficient allocation of resources in the Australian economy.[30]

The EERC produced the *Economics Education Review* — a bimonthly newsletter — organised the annual National Economics Teachers' Conference, and held 'Professional Development Activities' for economics teachers which consisted of a

[26] Marian Sawer, 'Political Manifestations of Australian Libertarianism' in Marian Sawer (ed), *Australia and the New Right*, p. 7 and Viv Forbes, 'The Tide Turning?', *The Optimist*, November/December 1986, p. 6.
[27] Marian Sawer, 'Political Manifestations of Australian Libertarianism', p. 7.
[28] *Ibid.*, p. 7
[29] Viv Forbes, 'The Tide Turning?', pp. 5-8. Peter Samuel was also a key activist (Marian Sawer, 'Political Manifestations of Australian Libertarianism', p. 7).
[30] CIS, *CIS Annual Review 1991*, p. 13.

series of lectures on major economic topics. The *Economics Education Review* contained many articles interpreting economic issues from a neo-liberal framework, including re-prints from movement publications.[31] Advertisements for upcoming CIS events and CIS publications, including *Policy*, were also common in the pages of the *Review*. In 1991 "more than 300 schools" had subscribed to *Policy*,[32] and in 1993 the CIS boasted that EERC professional development days had attracted 600 teachers, while more than 800 schools, colleges and libraries had subscribed to the *Education Economics Review*.[33] As its name suggests, the EERC also provided a 'resource centre', and by 1993 this was reportedly 'utilised regularly by individual students, teachers and student teachers alike. Class visits are becoming a regular occurrence':[34] the radical neo-liberals were not only talking to teachers, but to students as well. The CIS also attempted to bring university students into the radical neo-liberal fold through its 'Liberty and Society' program. Beginning in 1996, the program brought 'over ninety outstanding students' together over two separate weekend seminars to discuss radical neo-liberal themes.[35]

The IPA has a long history of promoting its agenda through the school system – both to teachers and their students. Such activities continued after its conversion from anti-communist Keynesianism to conservative neo-liberalism. Between 1980 and 1989 the IPA's Queensland branch (IPAQ) had involved 'about 7 000 teachers and businessmen' in its 'Business-Teacher Workshops' which brought together teachers and capitalists in after-school forums. In 1988 the IPAQ organised these workshops with the assistance of the Queensland Department of Education.[36] Also at this time the IPA established its Education Policy Unit, under the leadership of Dame Leonie Kramer. The Unit's brief was to bring a radical neo-liberal and conservative critique

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[31] Such as Ian Harper, 'The Operation of Monetary Policy in a Deregulated Financial System', *Economics Education Review*, Vol. 4, No. 4, July/August 1993, pp. 1-?, which was reprinted from the IPA publication *Can Monetary Policy be Made to Work?*, IPA, Melbourne, 1992.
[32] CIS, *CIS Annual Review 1991*, p. 14.
[33] CIS, *CIS Annual Review 1993*, p. 15.
[34] *Ibid.*, p. 14.
[35] CIS, *CIS Annual Review 1996*, p. 10.
[36] Anon., 'Business-Teacher Workshops', *IPA Review*, December-February, 1988/89, Vol. 42, No. 3, p. 64.

to bear on the nation's public education system, and attempt to influence both the curriculum and the policy agenda.[37] In addition to regular publications, seminars and media statements, the Education Policy Unit produced *Education Monitor*, a thrice yearly magazine. *Education Monitor* took over from *Aces Review*, the Alan Barcan edited journal of the Australian Council for Educational Standards.[38] It provided a forum for debating education policy amongst educators and education policy makers, but its editorial line was consistently conservative and radical neo-liberal. *Education Monitor* folded in 1996, citing 'relatively high production and distribution costs',[39] however, during its lifetime it had a circulation of 3,800.[40] Thus, the movement was able to intervene directly in what was taught and what was read by students and teachers in Australia's public education system.

The radical neo-liberal movement and the Australian Labor Party

Although successive federal Labor governments between 1983 and 1996 pursued a neo-liberal policy agenda, there is little evidence that this agenda was driven by the radical neo-liberal movement. Indeed, Labor's One Nation hegemonic strategy was quite inimical to the strident ideological pronouncements of the movement. This is not to say that the movement had no impact upon the Labor Party nor that there have been no links between the two. However, it is important to identify precisely what the relationships between the two are in order to ascertain the impact of the movement on public policy during the years of Labor government.

Labor members as movement activists

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[37] As shall be discussed later in this chapter, in New South Wales the IPA had some success in direct policy intervention.
[38] Editorial, 'The Challenge Ahead', *Education Monitor*, Winter 1989, pp. 2-3.
[39] Anon., 'Notice to Readers', *Education Monitor*, Vol. 6, No. 2, 1996, p. 2.
[40] *IPA Report 1991*, IPA, September 1991, p. 2.

There have been some overlaps between the radical neo-liberal movement and the Labor Party and labour movement. Some of the most prominent activists of the radical neo-liberal movement began their political life in the labour movement or Labor Party. Paul Houlihan was an official with the Federated Clerks Union[41] prior to his involvement with the National Farmers Federation and H R Nicholls Society. Paddy McGuinness was a libertarian who had worked for the Moscow Narodny Bank as chief economist and who, from 1974, worked for then Minister for Social Security, Bill Hayden.[42] McGuinness was among a number of former Keynesian or socialist economists who made the conversion to neo-liberalism from the late 1960s onwards.[43] Michael Porter also, a former Keynesian,[44] had 'facilitated the ALP club's formation at Adelaide University', was offered a position working for the first Dunstan Labor government, and worked for the Whitlam government on its Priorities Review Staff.[45]

Former National Secretary of the Federated Ironworkers' Association of Australia, Laurie Short, wrote for *IPA Review* during the 1980's advocating privatisation and attacking Left-wing trade unions.[46] In 1994, the Tasman Institute's Bruce Cohen took up a position as economics advisor to the Victorian Labor Opposition, and was instrumental in the drafting of the Victorian opposition's strategy.[47] Federal Member for Werriwa, Mark Latham, contributed to *Policy* and delivered one of the Centre's

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[41] See 'Contributors' in H. R. Nicholls Society, *Arbitration in Contempt*, p. 6.

[42] Gerard Henderson, *Australian Answers: Prominent Australians Speak About the Social, Political, Economic and Religious Shaping of Our Time*, Random House Australia, Milsons Point, 1990, pp. 223-224.

[43] Heinz Arndt was another. See Wolfgang Kasper, 'The Art of the Economy: Stability, Growth and Philosophy – Wolfgang Kasper Talks to Heinz W. Arndt', *Policy*, Spring 2000, pp. 24-25.

[44] Michael Porter, 'Stabilization, Regulation and Misplaced Entrepreneurship' *Quadrant*, September 1978, pp. 12-16.

[45] Michael Porter, interview with the author.

[46] See Laurie Short, 'Victoria: an Outpost of the Far Left', *IPA Review*, Vol. 43, No. 4, Autumn 1990, p. 30; Laurie Short, 'Can Unionism Survive: A Unionist's View', *IPA Review*, Vol. 43, No. 2, October/December 1909, p. 50; Laurie Short, 'New Left Party Likely to Fail', *IPA Review*, Vol. 43, No. 1, June/August 1989, p. 31; Laurie Short, 'A Unionist's View: Secret Union Ballots', *IPA Review*, Vol. 42, No. 3, December/February, 1988/9, p. 31; Laurie Short, 'Halfpenny's Road to Power: A Unionist's View', *IPA Review*, Vol. 42, No. 2, August/October 1988, p. 24.

[47] Michael Magazanik, 'ALP Picks an Adviser From the Other Side', *The Age*, 5th March 1994, p. 7; Rowan Callick, 'Vic ALP is Going Straight', *Sydney Morning Herald*, 24th June 1994, p. 2.

Bert Kelly Lectures in 1996.[48] Latham credits the CIS with introducing him to the notion of 'social capital'.[49]

Other prominent Labor figures have also given support to the movement, although the relationship has often been ambivalent. For example, although NSW Labor Council apparatchiks Michael Costa and Mark Duffy co-authored a chapter in the movement publication *A Defence of Economic Rationalism*, Costa would three years later publicly rebuke the IPA for its criticism of the public funding of trade union activities: 'The IPA has a well-known anti-union agenda. I reject the [IPA's] analysis.'[50] Similarly Bob Carr, whose remark that the Centre for Independent Studies is the 'jewel in Sydney's crown' would later adorn the think tank's homepage, had in earlier years attacked Duffy and Costa for their leaked report to the NSW Labor Council which argued that the political debate in Australia was being won by the new right. They 'really would be much more comfortable working for the H. R. Nicholls Society', said then NSW Opposition leader Carr. Although a movement sympathiser, Peter Walsh also had a sometimes antagonistic relationship with the movement, particularly prior to his resignation as Labor's Finance Minister. As a Labor minister Walsh was critical of the National Priorities Project, highlighting flaws in its estimates.[51] When the Tasman Institute undertook research on the GST for the BCA in 1992, Walsh criticised this as well.[52] In 1987 Walsh addressed a meeting of the H. R. Nicholls Society and criticised the radical neo-liberal movement's 'confrontationalist' approach to industrial relations.[53] It was after his resignation from Cabinet, however, that Walsh became a public sympathiser with the radical neo-liberal movement. He launched the book *A Defence of Economic*

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[48] Mark Latham, 'Making Welfare Work', *Policy*. Vol. 12, No. 3, Spring 1996, pp. 18-24.
[49] Mark Latham, correspondence with the author.
[50] Costa quoted in Matthew Russell, 'Union Grants Under Fire', *Sydney Morning Herald*, 22nd July 1995, p. 9.
[51] Peter Walsh, 'GST 'Advantages' Do Not Quite Add Up', p. 9.
[52] Peter Walsh, 'GST 'Advantages' Do Not Quite Add Up', p. 9.
[53] Amanda Buckley, 'Walsh Warns Right on 'Confrontationalism', *Sydney Morning Herald*, 9th June, 1987, p. 5.

Rationalism in 1993[54] and, as demonstrated in the previous chapter, often quoted approvingly from movement publications in his Cassandra column for the *Australian Financial Review* as well as enthusiastically embracing the movement's 'new class' discourse. Finally, Bill Hayden, during his term as Governor General, gave qualified support to the movement, opening the new Sydney office of the Centre for Independent Studies in 1990.[55] Despite their criticisms of the radical neo-liberal movement, all of these Labor figures were clearly, at one stage, sympathisers with the movement, and all also lent extra credibility to the movement by allowing themselves to be identified with it.

The radical neo-liberal movement as 'bogey'

The over-riding feature of the relationship between the Labor party and the radical neo-liberal movement was that the federal Labor government was able to portray the movement as a threat. As former caucus member, Stephen Martin argues, the Labor government attempted to portray the radical neo-liberal movement as a 'bogey'.[56] This allowed the leadership of the Party on the one hand to use the movement as a 'wedge' against the Liberals, and on the other hand to use the threat of the movement to draw the Party further to the Right and discipline the Party's Left-wing factions.

The public reaction of the federal Labor government to the radical neo-liberals was to attack them stridently. Prime Minister Hawke labelled the H R Nicholls Society 'troglodytes and lunatics'.[57] John Dawkins described the 'new right' as 'treasonous'.[58] Stephen Martin recalls that:

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[54] Rowan Callick, 'Students' Book Puts Case for Economic Rationalism', *Sydney Morning Herald*, 5th October, 1993, p. 5.
[55] Tom Dusevic, 'Hayden Backs Free Economy', p. 3.
[56] Stephen Martin, interview with the author.
[57] Mike Taylor and Jenni Hewett, 'Hawke Wades into Peko Row', p. 1.
[58] Gregory Hywood and Mike Taylor, 'ALP Unites Against Fragmented New Right', *Sydney Morning Herald*, 2nd September, 1986, p. 4.

at different times ministers in the parliament would refer to comments made by people associated with those different [new right] organisations and use it to make political points about where they were wrong. And in debates you would often here MPs refer to individuals associated with those organisations and declare where they thought the organisations and their philosophies were wrong. I mean H. R. Nicholls Society was always a great one for kicking around.[59]

Such tactics did much more than simply defend the interests of the organisations which constituted the major source of funds for the Labor party – trade unions. They also served to conjure the image of a brutish and ideologically motivated minority which was antithetical to, and threatened, not only the values of the labour movement, but the values of mainstream Australia.[60] Such values could be portrayed as inimical to the inclusive image Labor fostered through its One Nation hegemonic project. The Labor leadership was then able to position itself in opposition to this threat.

The effect of this was two fold. First, Labor was able to use the radical neo-liberal movement to exploit Wet/Dry divisions within the Liberal opposition (discussed later in this chapter). Thus, the radical neo-liberal movement was used by Labor as a wedge against the Liberals – senior Wet Liberals were torn between sublimating their philosophical convictions in the interests of party unity or expressing their antipathy towards the radical neo-liberals, thereby supporting the stance taken by the Labor government. Electorally, this worked to Labor's advantage because the Coalition appeared divided, incoherent and captured by ideological interests. This

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[59] Stephen Martin, interview the author
[60] The following sentiments from former ACTU President, Jennie George, demonstrates that the trade union leadership took the threat from the radical neo-liberal movement seriously: 'it was well known within the union movement that there was this conservative world view about industrial relations that we had to contend with, and of course it came at a time of declining union membership, so it made the future more problematic' (Jennie George, interview with the author).

was exacerbated by the fact that several prominent movement activists were identified with the 'Joh for PM' campaign (also discussed later in this chapter). Even into the 1990s the Labor leadership was able to use the radical neo-liberals as a 'bogey' to delegitimise the Opposition. For example, in 1990, ACTU Secretary Bill Kelty attacked the Coalition's industrial relations policy, stating that they had embraced the ideas of their 'new right friends'.[61] Similar tactics were used by Labor to discredit the 'Fightback!' package, and on the issue of race.

Second, by promoting the radical neo-liberal movement as a very real threat, the right-wing and moderate Labor leadership had extra evidence with which to persuade the Left-Labor factions to acquiesce to a less radical, but nonetheless neo-liberal, policy agenda. Labor's One Nation, neo-liberal agenda, was thus able to be maintained. ALP National President and Special Minister for State, Mick Young, employed such a tactic in 1986 when he implored the party to put aside its differences and unite against the common enemy in the form of the 'new right'.[62] Young claimed the new right stood for 'busting the unions and busting the welfare net':[63] that is, if the radical neo-liberals' agenda was implemented it would destroy those egalitarian institutions at the core of Labor's commitments. This strategy of using the radical neo-liberal 'bogey' to neutralise internal opposition to Labor's own version of neo-liberalism was recognised at the time in a *Sydney Morning Herald* editorial. On the advantages to the ALP leadership in portraying the radical neo-liberals as a radical threat, the editorial argues:

> they may galvanise those ALP members disenchanted both with the Government's economic policies and now with its decision to resume uranium sales to France. For many ALP members and supporters the

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[61] Libby Moffet, 'Kelty Calls Opposition Policies 'Two-faced'', *Sydney Morning Herald*, 23rd March, 1990, p. 6.

[62] Mike Taylor, 'New Push for Labour Deregulation', *Sydney Morning Herald*, 1st September, 1986, p. 1.

[63] Mike Steketee, 'Young's Call to ALP: Fight the New Right', *Sydney Morning Herald*, 1st September, 1986, p. 1.

distinction between Labor the [sic] Coalition has been blurred by the floating dollar, the cuts in real wages and the stringent 1986-87 Budget … What Mr Young, the Special Minister of State, and president of the ALP, plainly believes, is that the threat of the radical Right can be used to bring together a divided and demoralised party. From Mr Young's point of view, the more radical and threatening the Right appears the better.

The same, no doubt, is true so far as Messrs Crean and Kelty are concerned. For them the issue is the preservation of the Accord through a period of further real wage cuts and little or no progress on the unions' superannuation claim … For those unions tempted to desert the Accord, the ACTU leaders have a frightening answer: the alternative to the Accord and wage restraint is a Coalition government determined to roll back union power.[64]

As Paul Kelly writes, the radical neo-liberal movement (what he calls the new right) 'was not interested in popularity'.[65] It was interested in installing neo-liberalism as the new political common sense. Movement activists were driven by ideology and, because they relied upon fractions of capital for their support, rather than upon a popular base, they had little need to temper their ideological pronouncements. The Labor leadership was thus able to use the radical neo-liberal movement to stifle internal Party, and public, opposition to its less radical neo-liberal agenda, while maintaining the Party's commitment to the state project of neo-liberalism. Working class acquiescence to the general material suffering under Labor was assisted by Labor's ability to point to the far worse option that people would face under the radical neo-liberal influenced Coalition.

Policy influence

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[64] Editorial, 'Both Sides Play the Right', *Sydney Morning Herald*, 1st September 1986, p. 10.
[65] Paul Kelly, *The End of Certainty*, p. 269.

It is often assumed by some on the Left that the radical neo-liberal movement was a significant influence on the Labor Party's embrace of neo-liberalism during the 1980s and 1990s.[66] Such an assumption often involves simply comparing the neo-liberal policy agenda of the ALP with the neo-liberal policies advocated by the movement and finding a *broad* concurrence. Tempting though it is, such an assumption is misleading. Given that the radical neo-liberal movement, when it first came to public attention in the guise of the 'new right' during the mid 1980s, was very much identified as aggressively anti-union, it was always going to be unlikely that Labor would embrace its policy advice. Clearly Labor caucus members took notice of movement publications.[67] Clearly, also, within the Labor Party there were a number of sympathisers with the movement.[68] It is therefore probable that the movement contributed to the context for speculation about economic and social policy alternatives. Stephen Martin even concedes that:

> it can be said that we did probably take and steal some of the general agenda items of new right philosophy, like some privatisations.[69]

However, the movement was primarily used strategically by the Labor leadership, rather than as a source for policy inspiration. The radical neo-liberal movement was not the only site of neo-liberal intellectual activity from the mid 1970s onwards, and Labor derived its neo-liberalism, primarily, from these other sources. Importantly, however, the fact that sections of capital were clearly aligned with the radical neo-liberals gave an extra incentive for the Labor government to move further to the neo-liberal Right, in order to stave off any possible capitalist revolt.

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[66] See for example Sharon Beder, *Global Spin: The Corporate Assault on Environmentalism*, Revised edition, Scribe, Carlton North, 2000, p. 89; Philip Mendes, 'Australian Neo-liberal Think Tanks and the Backlash Against the Welfare State', p. 50.

[67] Stephen Martin, interview with author.

[68] Jim Carlton states that the Crossroads Group attempted to target sympathetic Ministers in the Labor Government. According to Carlton, the two most sympathetic to the Crossroads position were John Kerin and Peter Walsh. (Jim Carlton, interview with the author).

[69] Stephen Martin, interview with the author.

Due to Labor's integral relationship with the trade union movement and the One Nation hegemonic strategy it employed in government from 1983-1996, a sympathetic and close relationship between the radical neo-liberal movement and senior Labor figures was limited to a few individuals. The movement was, however, a catalyst for Labor's embrace of neo-liberalism federally. On the one hand, the radical neo-liberal movement was constructed as a threat by the Party's dominant Right faction in order to neutralise opposition to its program of neo-liberal restructuring. On the other, the movement's alliance with key fractions of capital represented a perceived threat to Labor which could only be headed off through the adoption of policies which incorporated some of the values being espoused by the radical neo-liberals.

The radical neo-liberal movement and the Coalition parties

Of all the political parties in Australia, the radical neo-liberal movement has been closest to the Liberals. This should come as no surprise. The Liberal Party historically has been strongly allied with the capitalist class, more so than has Labor. Given the integral links between the radical neo-liberal movement and specific fractions of capital it is little wonder that the Liberal Party has been one terrain for movement activism. Furthermore, the Institute of Public Affairs, which was to become a key movement organisation, was crucial in the formation of the Liberal Party in the 1940s and in the articulation of early Liberal Party policy – although, at the time, the IPA and the Liberal Party were very much part of the Keynesian consensus.

Given that the Liberal and National/Country parties have often formed an anti-Labor coalition during the period under review, the two will be considered together. This section will draw upon documents and interviews to identify the precise

relationships between the radical neo-liberal movement and the Coalition parties and analyse the impact that the movement has had upon the Coalition and its articulation of a neo-liberal hegemonic project. This section will seek to determine what impact, if any, the movement had upon the Coalition's shift from being a part of the post-war consensus to pursuing a Two-Nations neo-liberal hegemonic project.

Movement activists within the Coalition parties

As noted in Chapter Three, radical neo-liberal think tanks have been at pains to stress their independence from political parties. The IPA, for example portrays itself as 'a political organisation in the sense that it influences the political agenda, but IPA carefully avoids political-party partisanship',[70] and the Centre for Independent Studies states that 'its independent and non-partisan position places it uniquely to provide competition to government-sponsored research'.[71] While such claims are true in a formal sense – the radical neo-liberal think tanks do not have any formal links with any political parties – as Table 7.2 illustrates, when considered as a movement, it is clear that there are significant overlaps between the radical neo-liberals and the Liberal Party. More importantly, many of those movement activists who are also Liberal Party members have occupied influential, or even leadership, positions within the Party. Indeed, there has been a revolving door between the movement and the Liberal Party, with activists entering leadership positions within the Party and Party leaders taking active roles within the movement. Clearly, movement activists have been in positions to exert influence within the Liberal Party. With this in mind, the following discussion will analyse the specific areas in which the movement attempted to influence the Coalition parties, and the ways in which the Coalition parties responded.

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[70] IPA, *IPA Report 1991*, p. 1.
[71] CIS, 'About the Centre for Independent Studies', *CIS Annual Review 1986-87*, p. 14.

Table 7.2 Radical Neo-liberal Activists Within the Coalition Parties

Movement Activist	Coalition Activity	Movement Activity
Jim Carlton	MP	Founder, Crossroads Group
Peter Costello	MP	Founder H. R. Nicholls Society
David Kemp	MP	Crossroads Group, Regular contributor to IPA, Member, H. R. Nicholls Society
Rod Kemp	MP	Director, IPA
Ian McLachlan	MP	Board Member, IPA
David Trebeck	Liberal Party Hierarchy	Member, Crossroads, Regular contributor to movement publications
Andrew Robb	Liberal Party Hierarchy	H. R. Nicholls Society
Hugh Morgan	Respected Liberal Party figure	Crossroads, CIS, IPA, Tasman Institute
John Elliott	Liberal President	IPA
Eda Ritchie	Victorian Liberal President	IPA
John Hyde	MP	Founder, Crossroads, AIPP, IPA
Bert Kelly	MP	Crossroads
Gerard Henderson	Staffer for John Howard	H. R. Nicholls Society, IPA (NSW)
Andrew Hay	Staffer for Philip Lynch. Adviser to Michael Howson	Crossroads, AIPP
Tony Rutherford	Adviser to senior several Federal Liberal MPs	IPA
Peter Kerr	Senior Political Adviser to Andrew Peacock (1984-5); Principal Political Adviser to Jeff Kennett (1987-9)	IPA Director, 1990
David Russell	QLD National Party	H. R. Nicholls Society, Crossroads
William Cole	Head of Liberal committee into introduction of GST, 1993	AIPP
Tim Duncan	Principal Press Secretary, Opposition Leader Jeff Kennett.	IPA
Michael Kroger	President, Victorian Liberal Party	H. R. Nicholls Society
Charles Copeman	Stood for Liberal Party in seat of Phillip, 1990	Centre 2000
John Stone	Elected National Party Senator, 1987	IPA
Gary Sturgess	Staffer to NSW Liberal MP	Crossroads
Nick Greiner	MP	Crossroads
Bruce Baird	MP	Crossroads
Brian Buckley	Staffer for Phillip Lynch	Crossroads
Peter Shack	MP	Crossroads
Murray Sainsbury	MP	Crossroads
Martin Rawlinson	Liberal Research Director	Crossroads
John Hewson	MP	Crossroads
John Rose	Staffer for Fraser	Crossroads
Peter Philips	MP	Advisory Board, Centre 2000
Cliff Walsh	Staffer for Fraser	Crossroads
William Kerley	Adviser to Howard	Contributor to IPA Review
Alistair Nicholas	Staff of Alexander Downer	CIS
John Hay	National Party	Australian Free Enterprise Foundation
Michael Warby	Liberal Party Federal Council	IPA

Shifting the Coalition to the Right

Part of the impetus for the emergence of the radical neo-liberal movement was dissatisfaction with the Fraser Coalition government.[72] For many radical neo-liberals the Fraser years promised much but delivered little. Fraser was unable, or unwilling, to match his sometimes fierce neo-liberal rhetoric with policy outcomes. One goal of the movement therefore was to shift the Liberal party further to the neo-liberal Right. Both of these sentiments are evident in Bruce Shepherd's reflection upon the state of the Liberal Party in 1987:

> My big concern with the Liberal Party is that if it allows too much power to the poor thinkers in the group, then it will go back to the Fraser era and there might be a whole lot of flurry inside, but there will be no results coming out.[73]

In order to bring about such a change the radical neo-liberal movement worked aggressively, both within and outside of the Liberal Party.

Within the Liberal Party, two organisations were formed with the aim of pushing the Party towards neo-liberalism: the Dries and the Society of Modest Members. Movement activists were integral to the formation of both. John Hyde, Jim Carlton and Peter Shack formed both the Dries in 1980,[74] and the Society for Modest members in 1981.[75] The Dries were formed to mount an intellectual assault upon

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[72] Andrew Clarke for example attributes to Geoffrey Blainey the sentiment that the radical neo-liberal movement 'was a group of people frustrated with the lack of change under the Fraser Government': Andrew Clarke, 'In Their Own Image', *Sydney Morning Herald Magazine*, March 2001, p. 32.

[73] Shepherd quoted in Michael Cordell, 'A Shepherd Who Steers His Flock Right', *Sydney Morning Herald*, 7th February, 1987, p. 9.

[74] Paul Kelly, *The End of Certainty*, p. 39. Kelly suggests that Hyde, Carlton, Shack, as well as Brian Buckley, were involved in the formation of the Dries. Jim Carlton attests that he, Hyde and Shack were the founders (Jim Carlton, interview with the author).

[75] Marion Maddox, *For God and Country: Religious Dynamics in Australian Federal Politics*, Department of the Parliamentary Library, Canberra, 2001, p. 143. Jim Carlton says that the founders of the Modest Members were the same as those who founded the Dries (Jim Carlton, interview with the author).

protectionist ministers within the federal Liberal caucus. Issues such as the protection of the clothing and textiles industry and regulations governing maximum numbers of self-service pumps at petrol stations were attacked by the Dries. They were highly organised: meeting regularly, producing pamphlets and organising seminars sometimes attended by international neo-liberal speakers.[76] Although not as well-organised,[77] the Society of Modest Members — formed, according to Peter McGauran, by Coalition MPs 'suffering under the yoke of the Fraser socialist government'[78] and named after the newspaper by line of long time anti-tariff crusader, Bert Kelly — was an attempt to broaden the radical neo-liberal sphere of influence within the Liberal Party, particularly to the State branches.[79] Like the Dries, the Society of Modest Members would also host outside speakers, including radical neo-liberal activists, such as Lauchlan Chipman, who addressed the Society in 1985.[80] In this endeavour Jim Carlton believes the Modest Members were successful. Of the Dries, Carlton also comments that although they probably commanded a majority in the Party room, they were a minority within the ministry, and given that policy direction depended heavily upon Fraser's own political sensibilities, they had only one concrete victory: the deregulation of airport rental car markets.[81]

Clearly, then, there was a group within the Liberal caucus, led by movement activists, who were vigorously pushing Coalition policy towards radical neo-liberalism. While having only limited concrete victories during the Fraser years, the radical neo-liberals were to provide the impetus for quite bitter conflicts within the Liberal Party during the remainder of the 1980s. Importantly, although the radical neo-liberal movement was still emerging, leading Dries were, at this time, also involved in setting up one of the early movement organisations: the Crossroads

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[76] Jim Carlton, interview with the author.
[77] Jim Carlton, interview with the author.
[78] Peter McGauran quoted in Marion Maddox, *For God and Country: Religious Dynamics in Australian Federal Politics*, p. 143.
[79] Jim Carlton, interview with the author.
[80] Len Bosman, 'Modest Members', *The Optimist*, March-April 1985, p. 18.
[81] Jim Carlton, interview with the author.

group. So it is clear that these Liberals were also movement activists — not merely Party members who happened to share some of the movement's ideas.

They, and other radical neo-liberal activists, were integral to the struggle that occurred within the Liberal party between the 'Wets' and the Dries. Movement activists inside the federal caucus, and activists inside or close to the Party but outside of the parliamentary membership, attacked the Wets during the 1980s. Acting both collectively and individually, the goal was to create a new Liberal consensus approximating the values of the movement. Movement activists attempted to do this in three ways.

First, movement activists who were also Party figures made public pronouncements criticising Liberal policy and calling for more radical measures. John Elliott, Liberal Party President and movement activist, broke ranks with the parliamentary leadership and called for $3 billion in cuts to Commonwealth expenditure as well as arguing that there was not enough policy debate within the Party[82] — perhaps a suggestion that such discussion should have been provided by the radical neo-liberal movement and its think tanks. Andrew Hay, despite being a high-profile Liberal, also often used his position as head of various employer groups to make statements critical of the policies of both the Labor and Liberal Parties.

Second, movement activists used the threat of electoral campaigns to pressure the Liberal Party to adopt radical neo-liberal policy platforms. The most obvious example of this is the 'Joh for PM' campaign. When Queensland National Party Premier Joh Bjelke-Petersen announced his intention to make a bid for federal parliament – either as leader of the Coalition, of the Nationals, or of some unspecified new right-wing party – the conservative side of politics was thrown into disarray. Bjelke-Petersen free market populism to mobilise supporters at public rallies throughout the country. A number of movement activists lent their support to

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[82] Louise Dodson, 'Elliott Breaks Party Ranks Again', *Sydney Morning Herald*, 27th November, 1987, p. 5.

the 'Joh-for-PM' campaign. Both Bruce Shepherd and the IPA's Des Moore spoke at least one of Joh's public rallies.[83] Andrew Hay gave public support to the campaign:

> I think that the community generally welcomes the move by the Queensland Premier to assume the leadership of the National Party. It will clearly strengthen the National Party's commitment to radical conservatism in Australia.[84]

Ian McLachlan flirted with Joh for a time but failed in the end to offer the Premier his endorsement.[85] As discussed in Chapter Three, Centre 2000 enthusiastically endorsed and promoted the campaign. It is clear that such support served the purpose of pressuring the Coalition to shift to the Right in an attempt to appease populist sentiments. However, many movement activists thought such tactics to be dangerous. For example, on Bjelke-Petersen, John Hyde said: 'Australia needs a person who accepts the law of arithmetic – we do not want cheap populism'.[86] Gerard Henderson was also scathing in his attacks upon those movement activists, such as Des Moore, who lent their support to the 'Joh for PM' campaign.[87] As McEachern argues, the 'Joh for PM' campaign 'defined the outer fringes of the business campaign to change the direction of policy and the character of politics in Australia'.[88] Given the close association of the radical neo-liberals with capital, it is therefore not surprising that the movement was split on the issue. In the end Bjelke Petersen was not credible and was linked with extreme right elements, which

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[83] Des Moore shared a platform with Joh at a public rally in Newcastle: see John Edwards, 'Is God on Joh's Side?', *Sydney Morning Herald*, 30th May, 1987, p. 41. Bruce Shepherd addressed a similar rally in Wagga-Wagga: see Michael Cordell, 'A Shepherd who steers his flock Right', p. 9.

[84] Hay quoted in Colleen Ryan, 'How We'd Run Australia', *Sydney Morning Herald* Review, 14th March 1987, p. 4.

[85] Sheryle Bagwell, 'McLachlan Pads Up in Earnest', *Sydney Morning Herald Weekend*, 10th November 1989, p. 1.

[86] Quoted in Louise Dodson and Wayne Burns, 'Reduce Government Sector Says Right-wing Think Tank', *Sydney Morning Herald*, 17th February 1987, p. 7.

[87] Gerard Henderson, 'Beware False Prophets of the Lunar Right', p. 11; Gerard Henderson, 'Comment on Stone', pp. 557-55.

[88] Doug McEachern, *Business Mates*, p. 92.

offended the sensibilities of some movement activists. The other major use by movement activists of electoral pressure on the Coalition was by Andrew Hay and Peter Boyle through the employer associations which they headed. In 1986 Hay publicly warned that the Coalition had 12 months to shift to the Right or the radical neo-liberal movement would form a new party.[89] In 1987, Hay and Boyle announced that the ACC and ASBA were combining to run a marginal seats campaign supporting candidates advocating lowered income tax and curbing the power of trade unions.[90] Although aimed at eroding support for the federal Labor government, by mobilising voters these radical neo-liberals were demonstrating their potential power and giving the Coalition reason to take Hay's threat of 1986 seriously. That this was taken seriously is evidenced by the fact that both the then Liberal leader, John Howard and the federal Liberal director, Tony Eggleton, met in private with Hay to discuss the marginal seats campaign.[91]

Third, radical neo-liberal activists were actively involved in the selection of candidates, sometimes themselves standing for election. They set out to undermine and depose sitting Wets, such as Ian Macphee, Peter Baume and Steele Hall. At a pro-Bjelke-Petersen rally in Wagga Wagga, Bruce Shepherd attacked the aforementioned Wets and said that they should not be re-endorsed for the 1987 election.[92] A sense of how the movement viewed the Wets can be gleaned by Gerard Henderson's comments in his history of the Liberal Party that Ian Macphee's 'views were to the left of the government'.[93] Indeed, Macphee was to become one of the casualties of the radical neo-liberal movement. In 1989 he lost preselection for his seat of Goldstein to movement activist David Kemp. Kemp had been approached to run by a group of Liberals after fellow movement activist, Andrew Hay, had also

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[89] Mike Taylor, 'Libs Free, Independent of New Right, Says Howard', *Sydney Morning Herald*, 8th September 1986, p. 3.
[90] Amanda Buckley, 'New Right Gears Up to Run its Own Election Campaign', *Sydney Morning Herald*, 9th June 1987, pp. 4-5.
[91] Amanda Buckley, 'New Right Groups Say Howard Campaign Stuck in a Tax Rut', *Sydney Morning Herald*, 19th June 1987, p. 5.
[92] Michael Cordell, 'A Shepherd Who Steers His Flock Right', p. 9.
[93] Gerard Henderson, *Menzies' Child: the Liberal Party of Australia 1944-1994*, Allen and Unwin, St Leonards, 1994, p. 290.

been approached and declined.[94] That the preselection was ideologically motivated is clear from the fact that Macphee was under no threat of losing his seat at the federal election. As Geoff Kitney noted at the time:

> The Macphee pre-selection crisis is peculiar because the challenge involves a politician who has a remarkable record of success where it counts most: winning his seat and securing it for his party. There are few Liberals with a better track record.[95]

However, it was not merely economic ideology that drove the coup against Macphee. According to Macphee the issue of race also played a part.[96] As one of the four Coalition MPs who crossed the floor to vote with the Labor government in support of the exclusion of race from the determination of emigration to Australia,[97] Macphee became the target of many leading Party members. As noted in Chapter Two, many radical neo-liberals had embraced conservative positions many social issues. Thus, movement activists were able to attack Macphee on both economic and social issues. In addition to Kemp, successful transitions from movement to Coalition MP were made by Peter Costello, Rod Kemp, Ian McLachlan and John Stone. Charles Copeman also stood for the Liberals, but lost, in the seat of Philip.[98]

Movement activists have been involved in the installation, or attempted installation, of other Coalition candidates as well. According to Paul Kelly, Hugh Morgan was keen to assist fellow movement activist John Elliott's transition to political office, and on behalf of a small group of Liberals (including Greg Daniel, Ian Kortlang and Richard Alston) attempted to convince Roger Shipton, the member for Higgins, to

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[94] Mike Steketee, 'Desperation and Despair in Heartland of Liberals', *Sydney Morning Herald*, 22nd March 1989, pp. 8-9.

[95] Geoff Kitney, 'Senior Libs Worried by Macphee', *Sydney Morning Herald*, 28th April, 1989, p. 3.

[96] Ian Macphee, interview with the author.

[97] Mark Coultan, 'Liberal Right Targets Howard's NSW Opponents', *Sydney Morning Herald*, 30th September, 1988, p. 2.

[98] Peter Smark, 'Liberals' Rambo Spots the Pinkos', *Sydney Morning Herald*, 5th March, 1990, pp. 1, 4.

resign in favour of Elliott.[99] Kelly writes that Shipton 'was offered a position outside politics at a very generous salary, a package Shipton would not expect to match in any normal political retirement'.[100] Although the move was unsuccessful it demonstrates the involvement of radical neo-liberals in the processes of Coalition candidate selection.

How the Coalition viewed the movement

In the early to mid 1980s, when the radical neo-liberal movement began to emerge from relative obscurity, attitudes toward it from the Coalition caucus were mixed. The Wets within the Party were openly antagonistic towards the movement. Partly this stemmed from the different ideological positions occupied by the two groups, as is evident from the following. The Wets were in the tradition of social liberalism exemplified by J. S. Mill and T. H. Green.[101] Wets viewed liberalism as 'the rejection of crude laissez faire'.[102] Ian Macphee outlined the differences between the Wets, whom he saw as representative of liberalism, and the radical neo-liberal movement, whom he viewed as representative of libertarianism:

> [libertarianism] is the antithesis of the just society and essentially excludes the notion of compassion which is crucial in any enlightened liberal society … Libertarianism advocates selfishness to the point where the strong dominate the weak. By contrast, Liberalism encourages individual initiative whilst at the same time taking care of the less fortunate'.[103]

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[99] Paul Kelly, *The End of Certainty*, pp. 459-466.

[100] Paul Kelly, *The End of Certainty*, p. 463.

[101] see also Hugh Emy and Owen Hughes, *Australian Politics: Realities in Conflict*, 2nd Edition, Macmillan, South Melbourne, 1991, p. 140.

[102] Yvonne Thompson, George Brandis and Tom Harley, 'Preface' in Yvonne Thompson, George Brandis and Tom Harley (eds), *Australian Liberalism: the Continuing Vision*, Liberal Forum, Melbourne, 1986, p. i.

[103] Macphee quoted in Hugh Emy and Owen Hughes, *Australian Politics: Realities in Conflict*, p. 129.

Primarily however, public antagonism by the Wets toward the radical neo-liberals stemmed from that movement's outright hostility towards them. Such hostility prompted the Wets to form their own group – the Liberal Forum – in order to articulate a counter agenda to that of the radical neo-liberals.[104] It also led to several public attacks by Wets upon the 'new right'. Robert Hill, a Wet, released in 1987 an eight page statement attacking the radical neo-liberals and labelling them 'fringe dwellers'.[105] Steele Hall echoed these sentiments stating that radical neo-liberal attacks upon the Liberals threatened 'ripping the guts out of the Liberal party with a butcher's knife of extremes'.[106] At the other extreme, Jim Carlton (a movement activist and Shadow Treasurer) declared 'we will support the freedom fighters'[107] in reference to the H. R. Nicholls Society and those capitalists taking militant action against unions.

As the Coalition itself moved closer to the radical neo-liberal agenda, and as more movement activists entered the caucus, attitudes became more consistent and much more legitimacy was accorded to the movement and its think tanks. Those lone voices who attacked the radical neo-liberals were quickly reprimanded. So, when Wet Liberal Christopher Pyne described the IPA as 'Dr Stragelove economists' in 1995, he was rebuked by Nick Minchin, describing the comments as 'a contemptuous attack' and not 'a true reflection of current Liberal thinking'.[108]

During the 1980s and 1990s, Coalition MPs were regular attendees at movement functions, including as invited speakers. In 1990, John Howard used one such occasion – a meeting of the H. R. Nicholls Society — to launch an attack upon those Wets opposed to the Coalition's industrial relations policy, which allowed

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[104] See Gerard Henderson, *Menzies' Child*, p. 291.
[105] Patrick Walters, 'Lib Split Widens as 'Wets' Hit Back at New Eight', *Sydney Morning Herald*, 29th January 1987, p. 1.
[106] *Ibid*. p. 1
[107] Richard Hubbard, 'Carlton in Tough Line Against Unions', *Sydney Morning Herald*, 28th August 1986, p. 8.
[108] Geoff Kitney, 'WA fiasco threatens Federal Libs: Chaney', *Sydney Morning Herald*, 24th May 1995, p. 4.

employment contracts outside of the Industrial Relations Commission.[109] Evidence of Liberal sympathy towards the movement can also be found in Jim Carlton's argument that both the Dries and the Society of Modest members took an interest in the publications of the IPA and CIS. Particularly once movement activists ascended the Liberal hierarchy, becoming both MPs and party leaders, the Party in general became much more sympathetic to the movement, and those opposed became an increasingly less vocal minority.

Policy and language

Radical neo-liberal activists have had some success in directly shaping the policies of the Coalition parties. The Liberal's 1986 industrial relations policy, which had as its aim the dismantling of the arbitration system, is a case in point. Deputy Liberal leader, Neil Brown, wrote the policy and, as part of the drafting process, consulted movement activists Peter Boyle, Andrew Hay, Peter Costello, Paul Houlihan and Ian Spry.[110] Costello was one of the lawyers used to provide a draft of what the legislation itself would look like.[111] In 1986 Costello explained the role played by the movement in influencing the Liberal Party:

> We are looking to influence the debate as much as possible. There are not many of us, so the ideas keep coming from the same people. Basically, we come up with ideas. The Liberals and others say, 'Oh no, this is too radical for us. We have to get re-elected'. So we put them out into the public debate, writing articles and so on and the newspapers publish them and gradually people begin to talk about the ideas. Then the Liberals suddenly say 'This sounds like a good idea. Who can we get

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[109] Michael Millett, 'Voluntary Agreements: Howard on Offensive', *Sydney Morning Herald*, 12th March 1990, p. 9.
[110] Paul Kelly, *The End of Certainty*, p. 267.
[111] Paul Kelly, *The End of Certainty*, p. 267.

to help us on this.' And the natural choice is one of us, because we've already been talking about the same thing.[112]

If claims made by Andrew Hay and Peter Boyle are anything to go by, then it would seem that Costello's assessment is correct. Hay claims that although he had 'never been invited to any of their [the Liberal's] policy committees', he had met privately with both Howard and Neil Brown about industrial relations policy.[113] Boyle also claimed that he was exerting strong pressure on the Liberal's industrial relations policy: 'We say to Brown, "How's that policy going? Have you toughened up the wimps in the party room yet?" I go to Brown's office and he comes to mine. And I talk to Howard if I think Brown's not helping us.'[114] Other direct policy input was provided by movement activists David Trebeck and Wolfgang Kasper. Trebeck, while Policy Director of the Liberal Party,[115] enlisted Kasper and they jointly wrote the Liberals' *Policies for Business*, which outlined a neo-liberal agenda for the Coalition.[116] John Hyde argues that, in producing this document, Trebeck and Kasper 'drew on the continuing *Crossroads* meetings'.[117]

Boyle was once again influential in the formulation of Coalition industrial relations policy in 1993, as part of the Fightback package. He claimed 'My relationship with [then Shadow Industrial Relations Minister] John Howard is a very close one' and that although 'It's difficult for me to expect either Kennett or Howard to say specifically 'This is what came from Peter Boyle', nonetheless 'there is absolutely no doubt that John Howard has recognised very publicly the contribution that we've made to aspects of their industrial relations policy'.[118] Movement activists were able to directly shape other aspects of the 'Fightback!' package as well. Movement

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[112] Costello quoted in Shaun Carney, *Australia in Accord: Politics and Industrial Relations under the Hawke Government*, Sun Books, Melbourne, 1988, p. 99.
[113] Hay quoted in *Ibid*., p. 98.
[114] Boyle quoted in Paul Kelly, *The End of Certainty*, p. 267.
[115] Samuel Griffith Society website:
http://www.samuelgriffith.org.au/papers/html/volume7/v7app4.htm at 20th March 2004.
[116] John Hyde, *Dry: In Defence of Economic Freedom*, p. 176.
[117] *Ibid*., p. 176.
[118] Boyle quoted in Graham Reilly, 'Mr Small Business', *The Age Extra*, 16th January 1993, pp. 3-4.

activist Arvi Parbo was named as part of the team of six 'special advisers' to Opposition leader John Hewson, while movement sympathiser Judith Sloan, was named as part of the same body to advise on unemployment.[119] John Freebairn of CoPS was also one of six advisers to the Coalition on taxation policy.[120] Bruce Shepherd and the CIS's John Logan addressed an Opposition health policy development seminar in 1991.[121]

Clearly, once movement activists entered the leadership of the Liberal Party, they were able to exert direct influence over Party policy. However, even in such positions, these activists were constrained by the dictates of electoral politics, and thus it is not surprising that while some policies advocated by the movement have been adopted by the Liberal party, others, for reasons of electoral pragmatism, have not. Furthermore, upon entering parliamentary politics, movement activists have substantially curtailed their direct involvement in the movement.

The greatest success of the movement has been in providing the Coalition parties – in particular the Liberal Party – with a language and framework with which to articulate a conservative neo-liberal policy agenda and, ultimately, to articulate its Two Nations hegemonic project. There were other groups advocating privatisation, deregulation and the cutting of government expenditure in Australia during the period under study, however the relationship between the radical neo-liberals and the Coalition was such that it was a natural forum from which Coalition MPs could draw rhetoric and broad policy frameworks to support such policies.

The Crossroads group, for example, attempted to influence directly, key figures from both Labor and Coalition parties, but because of the group's composition, the Coalition was always going to be more readily targeted. Because State governments

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[119] Nicole Taylor, 'A Sixpack of Top Brains to Get Hewson's Ear', *Sydney Morning Herald*, 2nd march 1993, p. 7.
[120] Robert Garran, 'Panel to Advise Hewson in Tax Review', *Sydney Morning Herald*, 6th April 1992, p. 5.
[121] Michelle Grattan, 'Opposition Seminar on New Health Policy', *The Age*, 19th February 1991, p. 5.

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accounted for about 70 per cent of public sector employment – and therefore that any serious attempt to reduce the size of the public sector would prove fruitless unless cuts were made to this tier of government – the Crossroads Group adopted the strategy of inviting State-based Liberals and Nationals to their meetings. The following State-based members of the Coalition parties were brought into the Crossroads group – Richard Court (WA), John Olson (SA), Nick Greiner (NSW), Bruce Baird (NSW), Alan Stockdale (Vic), Don Hayward (Vic), David Russell (Qld National). No doubt this at least provided these leading Coalition members with a radical neo-liberal framework and network of movement contacts upon which to draw for policy.[122]

What the radical neo-liberals provided that other groups did not was: the concept of marketisation; new class discourse; a philosophical justification for neo-liberalism; and a discursive framework that combined neo-liberal economics with conservative social values (as discussed in Chapter Two). The marketisation of public goods has been an agenda of the Coalition since the early 1990s — its most overt commitment coming in the form of the 'Fightback!' package. 'Fightback!' articulated an agenda that was close in many respects to that of the radical neo-liberal movement. It called for the marketisation of education, health care and welfare. As the following excerpt demonstrates, the education policy agenda of Fightback was similar to what had been articulated by the radical neo-liberal movement during the previous decade-and-a-half:

Our strategy to the lift the standards of Australian education and training centres on the creation of flexible, financially autonomous, and locally managed institutions accountable to informed parent and student markets and on moving away from centralised, confrontational industrial relations.

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[122] Jim Carlton, interview with the author.

We will increasingly move towards funding students rather than institutions and rewarding strengths and excellence rather than non-performing providers.[123]

'Funding students rather than institutions' referred to the Coalition's proposed 'national Education Awards' which were essentially education vouchers[124] — the policy solution preferred by the radical neo-liberal movement. The Coalition argued that such a scheme would 'establish an effective student market for higher education'.[125] The possibility of education vouchers had already been mooted in 1990 by Peter Reith, in his capacity as Shadow Education Minister.[126] A similar scheme had been proposed by movement activist Richard Blandy in a report commissioned by the Fraser government's National Inquiry into Education and Training in 1979.[127]

Under 'Fightback!', the provision of health care was also to be marketised. 'Fightback!' promised to:

'restore the balance between the public and private sectors by encouraging individuals to provide for their own health care by taking out private health insurance'.[128]

The incentives would be financial — the Coalition was promising to subsidise the private health industry. Although the Coalition promised to maintain a strong commitment to Medicare, and thus differed from the radical neo-liberal movement,

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[123] Liberal Party of Australia, *Fightback! It's Your Australia: The Way to Rebuild and Reward Australia*, Liberal and National Parties , Canberra, 1991, p. 59.
[124] Liberal Party of Australia, *Fightback! The Liberal and National Parties' Plan to Rebuild and Reward Australia,* Vol.2 — 'Supplementary Papers', Liberal and National Parties , Canberra, 1991, p. 48
[125] Liberal Party of Australia, *Fightback! – It's Your Australia*, p. 61.
[126] Joanne Gray, 'Voucher System for Universities is Feasible: Reith', *Sydney Morning Herald*, 13th February 1990, p. 29.
[127] Simon Marginson, *Educating Australia: Government, Economy and Citizen since 1960*, Cambridge University Press, Melbourne, 1997, p. 126.
[128] Liberal Party of Australia, *Fightback! – It's Your Australia*, p. 7.

the imprint of the movement on the policy of creating a private health market is apparent. This is particularly true when it is recalled that John Logan of the CIS was brought in to discuss health policy options with the Coalition.[129]

The partial marketisation of welfare was also proposed through the contracting out of CES functions, providing a 'significant increase in funds' to, and 'upgrading the role of', charities and private enterprises in the provision of welfare services.[130] While this does not conform precisely to the prescriptions of the radical neo-liberal movement, it fits well with the movement's advocacy of the devolution of welfare provision to the private sector. That the Coalition was influenced in its broad policy framework and language on welfare by the movement is made more compelling when it is considered that Alistair Nicholas, an adviser to Alexander Downer and previously to National Party MP Charles Blunt, was also the author of the CIS publication *Voluntary Welfare: A Greater Role for Private Charities* and from 1987-89 worked for the CIS as a policy analyst on its Social Welfare Research Program.[131]

Another area of movement influence upon the Coalition has been new class discourse. This discourse is evident in much of the rhetoric, and some of the policy detail, of the Coalition since the mid 1980s. In 1985, during his maiden speech to federal Parliament, Alexander Downer attacked Labor for representing 'selfish and sectional interests'. Similar language was evident in the Coalition's 'Fightback!' and 'The Things That Matter' statements. Labor's record on education was attacked for being hostage to ideologically correct minorities: 'Labor's teacher union allies continue to fight against external exams and skills testing while advocating fringe subjects based on ideological correctness'[132] and 'social engineers and powerful

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[129] Michelle Grattan, 'Opposition seminar on new health policy', p. 5
[130] Liberal Party of Australia, *Fightback! The Liberal and National Parties' Plan to Rebuild and Reward Australia,* Vol.1 – 'Taxation and Expenditure Reform for Jobs and Growth', Liberal and National Parties, Canberra, 1991, pp. 210-218.
[131] John C. Goodman and Alistair J. Nicholas, *Voluntary Welfare*, p. x.
[132] Liberal Party of Australia, *Fightback! – It's Your Australia*, p. 21.

interests' were accused of trying to impose their own ideological agendas upon ordinary Australians.[133] Labor was framed as 'a sectional party, dominated by special interests'.[134] In public speeches too, the Coalition leadership attacked interest groups and their relationship with the Labor government:

> We've seen a process develop where particular groups have had an unbelievable influence over the passage of government … Not just the union leadership … but, importantly, other groups that have emerged – groups like the extreme green lobby, some of the Aboriginal heritage movement – which have extracted deals and shifted government in a way that has seen them take decisions in the interest of a few people, but to the expense of all Australians.[135]

The language and arguments are identical to those employed and developed by the radical neo-liberal movement. Given that the radical neo-liberal movement has been the main incubator of new class discourse in Australia, there can be little doubt that the radical neo-liberals influenced the framework and language from which the Coalition drew.

Radical neo-liberals also provided the Coalition with a philosophical justification for neo-liberal policies. This is most evident in the 'Fightback!' package, in which the Coalition promised that the 'expansion of freedom will be the absolute heart of the reform agenda of the Hewson Government'[136] and argued:

> Economic freedom has as its centrepiece people's right to buy and sell, invest, improve property, and freely contract with one another, without

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[133] *Ibid.*, p. 27.

[134] Liberal Party of Australia, *The Things That Matter*, Liberal and National Parties, Canberra, 1994, p. 4.

[135] John Hewson quoted in AAP. 'Many Pay for Benefit of the Few: Hewson', *Sydney Morning Herald*, 18th October 1991, p. 11.

[136] Liberal Party of Australia, *Fightback! – It's Your Australia*, p. 26.

needing permission from government. Free markets work because individual people, co-operating peacefully and voluntarily through markets, can achieve much that politicians and bureaucrats cannot achieve using compulsion and direction.[137]

Again, such sentiments would have sat quite comfortably within the pages of *Policy* or *IPA Review*. Indeed, as the radical neo-liberal movement was the primary vehicle for arguments which linked markets and broader notions of freedom, it would seem that it was from the movement that the Coalition drew such rhetoric.

Importantly, the movement's 'Markets Morals and Civil Society Project' also provided the Coalition with a discursive framework with which to reconcile their contradictory commitments to both neo-liberalism and conservatism. In an attempt to ward off criticism that the Coalition's commitment to neo-liberalism would undermine some of the values and institutions beloved of conservatives, 'Fightback!' argued that the two were inextricably linked:

> Our emphasis on free markets does not suggest or imply that the most important relations between people are commercial ones. A decent society must be based on a strong sense of fair and ethical dealing and a commitment to the interests of the community beyond the marketplace.

> Moral community and economic freedom … are closely related to each other. Properly functioning markets are a by-product of an ethical community. Because markets are based on voluntary co-operation and decentralised decision-making, they also create the only conditions in which a moral community can emerge and be sustained.[138]

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[137] *Ibid.*, p. 26.
[138] *Ibid.*, p. 27.

The Lyons Forum — formed by Coalition MPs in 1992 as a vehicle for promoting conservative values within the Coalition and which hosted movement speakers – was one conduit for such ideas between movement and Party.[139]

The Howard ascendancy and the Coalition's 'Two Nations' hegemonic project

This thesis surveys the period until the end of 1996, and thus includes only the first ten months of the Howard Coalition government. The preceding discussion regarding the Liberal party however is important because it gives an insight into the nature of the hegemonic project of the Howard government – a project that was already evident in 1996. It is now possible to analyse the contribution of the radical neo-liberal movement to this hegemonic project.

In 1996 the Howard Coalition government came to power, ending thirteen years of Labor rule federally. Their campaign slogan, 'For all of us', encapsulates the discursive strategy behind the Two Nations hegemonic project which they set about implementing once elected. As Noel Pearson perceptively argued immediately prior to the 1996 election, whilst promising to govern 'for all of us' the actual message behind the Coalition's slogan was 'For all of us, but not for them'.[140] The 'them' in question was the new class. Under Labor, so the Coalition argued, government had become hostage to 'special interest' groups and 'political correctness'. Although lacking in substance, such claims spoke to the insecurities and resentment of many who were suffering from over a decade of neo-liberal economic restructuring. New class discourse thus provided a powerful aid to the Coalition's election strategy, and it was from the radical neo-liberal movement that this discourse was largely derived.

Although the 'For all of us' campaign drew heavily upon the radical neo-liberals' new class discourse, it avoided some of the more strident neo-liberal rhetoric that

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[139] See Marion Maddox, , *For God and Country*, pp. 199-235.
[140] Pearson in Shaun Carney, 'PM keeps Finger on the Polls', *Sydney Morning Herald*, August 10, 2002, p. 7.

characterised the 'Fightback!' package. The experience of the 1993 'Fightback!' campaign, in which the Coalition lost the 'unlosable election', demonstrated that an electoral strategy based primarily upon a radical neo-liberal agenda was unlikely to win broad appeal. Strategically, the Coalition needed something more to knit together a stable electoral majority. The 'something more' was the construction of a series of 'others' – 'special interests', 'politically correct elites', the 'guilt industry' — who threatened the 'mainstream'. As Pamela Williams demonstrates in *The Victory*, this strategy of mobilising opinion against 'special interests' was quite deliberate, and was developed in detail by the Coalition in its planning for the 1996 election campaign.[141] By representing the Labor government as hostage to such minority interests, the Coalition was able to position itself as representative of the mainstream. At the same time the Coalition jettisoned its public commitment to many of the more radical elements of 'Fightback!' In government, however, the Coalition has been clearly committed to expanding the neo-liberal agenda of the Hawke and Keating Labor governments.

Prior and subsequent to the 1996 federal election, the Coalition mobilised the radical neo-liberal movement's new class discourse in order to construct a series of 'others' upon which resentment and anxieties stemming from Labor's One Nation neo-liberal project could be displaced. Although lacking substance, new class discourse spoke to many who had suffered under thirteen years of Labor's neo-liberal restructuring. Ironically, the expansive conception of rights that characterised Labor's One Nation strategy provided a series of targets for the Coalition to exploit. Thus, the radical neo-liberals were important in providing the Coalition with a rhetorical arsenal with which to construct its Two Nations project. More than this however, the activism of the radical neo-liberal movement assisted the Coalition's Two Nations project. As was demonstrated in the previous chapter, by 1996 the radical neo-liberals were framed as legitimate, independent sources of comment in the commercial media. Through opinion pieces, guest commentary and coverage of events, the movement

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[141] Pamela Williams, *The Victory: the Inside Story of the Takeover of Australia*, Allen and Unwin, St Leonards, 1997, pp. 50-65, 159.

used the media to attack, demonise and ultimately disorganise the opposition to both neo-liberalism and to the Howard government's hegemonic project. Furthermore, other fellow-travelling sympathisers within the media adopted the same language to attack the same targets. Because of their lack of accountability, movement activists and their fellow-travelling columnists have been able to act with even more impunity in such attacks than even the Howard government. Once in power, the Howard government was able to use the radical neo-liberals to push political debate further to the Right. One such example is the appointment of movement activist Robert Officer as chair of the government's National Commission of Audit[142] — established in March 1996 to recommend public expenditure cuts. Thus, the movement acted on the one hand as ideological shock troops, and on the other as vehicles for a critique which other sympathisers could mobilise. In both ways the movement helped to secure hegemony for Howard's Two Nations project.

The story of the radical neo-liberal movement and the Liberal Party, therefore, is one of the Party's gradual development of its Two Nations hegemonic project to counter the One Nation project of Labor. During the 1980s the Coalition was riven by internal conflicts. These conflicts mirrored, in many respects, the conflicts within the capitalist class during the same period – and the radical neo-liberals played a similar role within both conflicts. As ideological warriors they attacked, demonised and disorganised opponents of neo-liberalism. Because of its historic relationship with the capitalist class, the Coalition was a natural terrain for movement activism, and many movement activists were also leading Party members.

The radical neo-liberal movement and State-based liberals

Although this thesis deals primarily with hegemonic conflicts at the federal level in Australia, the radical neo-liberal movement was also active at the level of individual States within Australia, and it is therefore worth briefly considering these

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[142] Philip Mendes, 'Australian Neo-liberal Think Tanks and the Backlash Against the Welfare State', p. 38.

interventions, particularly in so far as they relate to hegemonic struggles at the national level.

While the radical neo-liberal movement had little direct access to the federal government in the 1980s and early 1990s, the same is not true of State governments. Radical neo-liberal activists and organisations were active in shaping the agendas of Liberal State governments. In Western Australia the Coalition had its 1993 pre-election promises costed by the IPA.[143] The New South Wales Greiner government had clear sympathies with the movement. Premier Greiner and Minister Bruce Baird[144] had been participants in the Crossroads group, and in 1989, Greiner opened the new IPA office in Sydney.[145] In keeping with such sympathies, movement activist Dame Leonie Kramer, head of the IPA's Education Policy Unit, was appointed to the executive of the NSW Board of Studies in 1990 — the body responsible for setting school curricula.[146] Further evidence that the radical neo-liberal approach to education was attractive to the Greiner administration is the attendance of Sir John Carrick, Chairman of the NSW Committee of Review into Education, at Greiner's opening of the IPA.[147] The Greiner government also awarded the Tasman Institute a consultancy to work on the corporatisation of the Hunter Water Board.[148]

But it was with the Victorian Liberals, under the leadership of Jeff Kennett, that the movement had its closest relationship. The primary vehicle of this relationship was Project Victoria, which set out a radical neo-liberal agenda for the incoming Victorian government in the lead up to the 1992 elections. Project Victoria was

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[143] Mark Beyer, 'WA Labor Shows Signs of Panic in Poll Tactics', *Sydney Morning Herald*, 1st February, 1993, p. 4.
[144] Jim Carlton, interview with the author.
[145] Anon., 'NSW Premier Opens IPA Sydney Offices', *IPA Review*, Vol. 43, No. 2, October-December 1989, p. 64.
[146] Anon., 'Education Survey Exposes Deficiencies', *IPA Review*, Vol. 44, No. 1, Spring 1990, p. 64. Kramer remained on the executive at least until 1994, see Editorial, 'Why single out Mr Lambert?', *Sydney Morning Herald*, 10th March 1994, p. 12.
[147] Anon, 'NSW Premier Opens IPA Sydney Offices', p. 64.
[148] John Lyons, 'Think-Tank Commanders', *Sydney Morning Herald*, 9th March, 1991, p. 43.

conducted jointly by the IPA and the Tasman Institute and funded by a number of Victorian Employer Associations. The Victorian Liberals took the Project seriously, and it is clear that, at least for a time, there was a level of reciprocity between the Party's parliamentary leadership and the movement. For example, prior to the State election, Shadow Treasurer Allan Stockdale, himself a former participant in the Crossroads group,[149] met privately with capitalist executives and movement activists, including Bob Officer and the IPA's Des Moore, to discuss the privatisation of State-owned assets.[150] Once elected to office, the Kennett government appointed Bob Officer to chair the Victorian Commission of Audit. Upon reporting the Audit's recommendations to slash public sector jobs and spending, Bob Officer thanked the IPA for its 'significant contribution' to the process.[151] Officer also briefed IPA members on the contents of the report.[152] Such reciprocity was continued when the Tasman Institute became one of four consultants appointed to investigate options for privatising and deregulating Victoria's electricity industry.[153] Furthermore, Des Moore argues that he played a role in advising Stockdale on appropriate personnel for the bureaucracy:

> I did have quite a significant personal influence on Stockdale in that regard — in making recommendations about the structure, the new structure of the Victorian Treasury and who might be appointed to the Treasury.[154]

Despite this, the precise influence of the radical neo-liberal movement on the Kennett government is difficult to determine. Allan Stockdale says he 'had considerable contact with the Tasman Institute while the Coalition was in

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[149] Jim Carlton, interview with the author.

[150] Michael Gill, 'Vic Coalition's Sell-Off Unveiled', *Sydney Morning Herald*, 12th June, 1992, p. 3.

[151] David Walker and Tom Ormonde, 'Row Over Origin of Audit Documents', *The Age*, 13th May, 1993, p. 8.

[152] Shaun Carney, 'The Great Audit Becomes a Social Study that Leaps the Economic Boundaries', *The Age*, 15th May, 1993, p. 11.

[153] Barrie Dunstan, 'Reformers for SECV', *Sydney Morning Herald*, 15th February, 1993, p. 8.

[154] Des Moore, interview with the author.

Opposition' which 'helped to develop' his ideas regarding privatisation.[155] According to Stockdale, it was movement activist Ray Evans who 'crystallised' for him the essential framework for the privatisation of electricity in Victoria.[156] Similarly, in 1996, Victorian Liberal Transport Minister, Alan Brown, spoke of the 'profound impact' the Tasman Institute had on the government's policies.[157] As Fairbrother, Svensen and Teicher argue:

> The privatisation program embarked on by the Kennett Government from the time of its election in 1992 bears much more than a passing resemblance to programs developed by a group known as 'Project Victoria'.[158]

Against this needs to be considered the sentiment expressed by movement activist Des Moore that the IPA was able to exert 'very little direct influence' upon the Kennett-led Coalition once it was elected.[159] Indeed, Moore was excluded from membership of the government's Commission of Audit, despite being previously promised a place on it.[160] There seems little doubt, however, that although Kennett may not have followed the Project Victoria blueprint in detail, what the radical neo-liberals provided, at the very least, was a broad, radical neo-liberal policy framework for the Liberal government to draw upon. In addition, the media coverage generated about Project Victoria helped to put radical neo-liberal policy alternatives on the public agenda. Project Victoria's findings helped to provide legitimacy for the Kennett government's neo-liberal restructuring of the Victorian State.

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[155] Allan Stockdale, 'The Politics of Privatisation in Victoria', *Privatisation International*, November 1999.

[156] *Ibid.*

[157] Brown quoted in Anon, 'Victorian Transport Successes', *Tasman Update*, October 1996, p. 1.

[158] Peter Fairbrother, Stuart Svensen and Julian Teicher, 'The Withering Away of the Australian State: Privatisation and its Implications for Labour', *Labour and Industry*, Vol. 8, No. 2, December 1997, p. 18.

[159] Des Moore, interview with the author.

[160] Michael Gill, 'Call to Slash 20, 000 Jobs From Victoria's Public Sector', *Sydney Morning Herald*, 29th September, 1992, p. 5.

The impact of the radical neo-liberal movement upon State Liberal governments is significant because such governments acted as a beacon for other neo-liberal restructuring throughout the rest of Australia. Both the Kennett and Greiner governments had considerably more aggressive and confrontationalist neo-liberal agendas than did the federal Labor government at the same time. As Labor exhausted the limits of its One Nation strategy, the examples of Victoria and New South Wales could be used by supporters of even more radical neo-liberal restructuring of the Australian state to provide impetus for their cause. Therefore, to the extent that they aided the agendas of the State-based Liberals, the radical neo-liberal movement contributed to the momentum of the state project of neo-liberalism.

Conclusion

In the construction of the state project of neo-liberalism by the federal bureaucracy and by successive federal Labor governments from 1983 onwards, the radical neo-liberal movement was not a major direct influence. To the regime-level strategies articulated and pursued by Labor and the Coalition, however, the movement was far more important. For Labor federal governments during the 1980s and into 1990s, the radical neo-liberal movement was a 'bogey' against which fear and prejudice could be mobilised. This allowed the Labor leadership to manufacture consent for its less radical, but nonetheless neo-liberal restructuring of the Australian state and economy. Such a portrayal of the movement actually strengthened the legitimacy of Labor's One Nation hegemonic strategy, because it enabled Labor to position itself as inclusive, in contrast to the clearly exclusivist and fundamentalist radical neo-liberals. However, the fact that the movement was allied with key fractions of capital created added impetus for Labor to move down the neo-liberal policy path, lest it face a capitalist backlash. Given its close links with the Liberals, it is not surprising that the radical neo-liberal movement had its greatest impact upon this party. The movement worked inside and outside of the Liberal Party to usher the Party towards

neo-liberalism – this occurred at both the federal and state levels. The Two Nations hegemonic strategy that was gradually articulated by the Liberals during their years in opposition federally, owes a great debt to the radical neo-liberal movement. After gaining office in 1996, this provided the basis for the Howard governments discursive strategy as well as for its planned expansion of the state project of neo-liberalism. Finally, the radical neo-liberal movement was able to intervene directly in high school curricula, thus helping to shape the hegemonic 'common sense' of economics teachers and students in a way that legitimated the neo-liberal restructuring of the Australian state. Clearly the radical neo-liberals were able to have a greater impact, relative to their size, than normal social movements.

Conclusion

This thesis is the first full-length analysis of the impact of the radical neo-liberal movement upon Australian society. It is also the first attempt to theorise the new right as an elite social movement. Whereas other accounts have made numerous claims regarding the influence of the radical neo-liberal movement, this thesis has systematically analysed the movement's impact upon a few select, although important, areas of Australian politics. The theory of hegemony, outlined in Chapter One, provided a framework for undertaking this analysis.

The central problematic this thesis has sought to address is the relationship between the radical neo-liberal movement and the struggles to secure hegemony that occurred in Australia between 1976 and 1996. After critically analysing, in Chapter Two, radical neo-liberal ideology – the intellectual basis of the movement's coherence – the thesis investigated, in Chapter Three, those non-intellectual aspects that contributed to the movement's coherence and organisational strength. Having discussed the central dynamics of the movement itself, the thesis then outlined, in Chapter Four, the 'hegemonic context' in which the movement set out to effect a radical shift in political debate and a radical restructuring of the Australian state. Finally, this thesis examined the relationship between the radical neo-liberal movement and three institutions - the capitalist class, the mainstream commercial media, and the state – all of which are both sites of hegemonic struggle and central to the construction of hegemony.

This thesis has argued that the primary relationship between the radical neo-liberal movement and struggles to secure hegemony for neo-liberalism has been that the movement acted as a vanguard for neo-liberalism. There are four main aspects to this.

First, the movement played a crucial role in disorganising the opposition to neo-liberalism and in breaking the old alliances underpinning the hegemony of welfare capitalism and domestic defence. The radical neo-liberal movement is composed of ideological warriors who have been relentless in their assault upon the Left, upon notions of social justice and upon those groups tied to the institutions of arbitration and protection. Through forums, movement publications and a largely sympathetic media, movement activists mobilised terms such as 'political correctness', 'special interests', the 'new class', the 'guilt industry' and the 'industrial relations club' to demonise as elitist and self-interested potential opponents of the state project of neo-liberalism. Such language has demonised the movement's enemies by framing them as self-interested and elitist. Success in this venture can be measured by the degree to which such terms and frames have entered mainstream media discourse.

Second, the radical neo-liberal movement provided a language and conceptual arsenal from which those attempting to secure the hegemony of neo-liberalism have drawn. The movement provided the forces of neo-liberal hegemony with critiques of welfare capitalism as well as comprehensive alternatives which purported to be both more efficient and more moral. Not only have movement activists demonised the Left, social justice advocates and those tied to the older hegemonic order, but others have enthusiastically mobilised this language for the same purpose. With its fundamentalist, 'messianic' ideology, the movement offered a justificatory framework for neo-liberalism, portraying what is essentially the sectional interest of particular sections of capital as a universal interest. As demonstrated in Chapters Five, Six and Seven, capitalists, journalists and the Coalition made direct use of the movement's language and ideological framework.

Third, the radical neo-liberal movement was instrumental in shifting the goalposts of elite political debate in Australia further to the Right. As a group of fundamentalists convinced of the absolute correctness of their own ideology, radical neo-liberal activists had little concern for the compromises and pragmatic considerations that

characterise the political policy-making process. Rather, the public discourse of the movement has been characterised by its radical and dogmatic character. Relatively good access to, and generally sympathetic treatment by, the mainstream commercial news media gave such radical neo-liberal discourse a public platform and lent it a certain legitimacy. Such radical discourse helped to draw the centre of debate to a position more favourable to neo-liberalism. The public exposure of the movement also allowed the Hawke and Keating governments to portray the movement as dangerously radical and, in doing so, cultivate support for the Labor leadership's own less radical, but nonetheless neo-liberal, policy agenda. The movement therefore assisted not only the state project of neo-liberalism but also Labor's One Nation regime level hegemonic strategy.

Fourth, the movement was at the forefront of the Liberal Party's embrace of neo-liberalism. Publicly, movement activists attacked the 'Wets' in the Party and called on Liberals to embrace a radical neo-liberal policy agenda. On occasion these calls were backed up with threats of electoral pressure. Within the Liberal Party, radical neo-liberal activists worked and fought through the Party structures to reorient Liberal Party policy. For the Liberals, the radical neo-liberal movement provided a discursive underpinning for a Two Nations hegemonic strategy, which was gradually articulated during its years in Opposition. The radical neo-liberals equipped the federal Liberal Party with a framework – both conceptual and moral - for the commodification of public goods, and, through new class discourse, a discursive arsenal for focussing working class anxieties about neo-liberal restructuring onto the Liberals' opponents: the Left, trade unions and the new social movements.

The radical neo-liberal movement was able to make these important interventions in the hegemonic battles over neo-liberalism despite its relatively small size. As has been demonstrated, the audience for radical neo-liberal publications could be measured only in the thousands. Furthermore, the movement's activist base was concentrated among capitalists and those occupying contradictory locations within

class relations, most notably academics, journalists and bureaucrats. That it was able to have an impact that overcame its small and limited social base was due primarily to the advantage conferred upon it through its links with particular fractions of the capitalist class, and its expressions of the interests of these fractions. While the movement's various strategies and the development of its think tanks allowed it to capitalise upon this advantage, it is the movement's relationship with class power rather than its specific organisational form that was most responsible for its impact. It is therefore primarily due to its links with capital that such a 'non-class' group was able to have an impact that was class relevant.

There are, however, a number of important aspects of the struggles to secure neo-liberal hegemony over which the radical neo-liberal movement had little direct influence. As has been demonstrated, there is no evidence to suggest that the movement played anything other than a minor role in influencing the Labor Party in its embrace of the state project of neo-liberalism. The same is true of the federal bureaucracy. Apart from the issue of education – in which the movement was successfully able to intervene directly in the Economics curricula – the apparatuses of the state were relatively untouched by the movement until 1996. However there is evidence which suggests the movement has enjoyed greater direct influence within the state after the election of the Howard government.

The main reason the radical neo-liberal movement was unable to convert its agenda fully into a state project was that, as a blueprint, radical neo-liberal ideology is unsuited to the realities of the role of the state in capitalist society. As has been argued in this thesis, neo-liberalism in practice is not about reducing the role or size of the state, but about realising a fundamental transformation of power relationships and of the distribution of resources. It entails a transfer of power to capital and a transfer of resources from public to private. But this recognition of the failures of the movement reveals one of the radical neo-liberals' greatest strengths: through

mystification, radical neo-liberal ideology masks the inevitable contradictions of neo-liberal capitalism.

Given that the power bloc championing neo-liberalism included leading fractions of capital, the leadership of the Labor Party and large elements of the Liberal Party, it is likely that the neo-liberal transformation of the Australian state and economy would have proceeded even if the radical neo-liberal movement had not mobilised. Without, however, the vanguard role performed by the radical neo-liberal movement the hegemonic outcomes of such a transformation would have been different.

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