

Labor's 1980s and the Future of Australian Social Democracy

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John Cain Lecture, 7 November 2018

**Graduate House, University of Melbourne,
220 Leicester Street, Carlton**

I would like to acknowledge the Wurundjeri people who are the Traditional Custodians of this Land. I would also like to pay respect to the Elders both past and present of the Kulin Nation and extend that respect to other Indigenous Australians present.

I am enormously honoured to have been invited to deliver the John Cain Lecture this evening. At the end of the decade that I'm discussing tonight, only two Labor premiers had led majority governments in this State. They were both named John Cain. Until 1982, Victoria deserved its reputation as the Liberal Party's 'jewel in the crown'. For Labor, it had been only a little better than a wasteland. Since then, it has become the most progressive State in the country, returning Labor governments for all but three terms. Indeed, Labor has governed for about two-thirds of the time since John Cain's victory in April 1982.

Much that many Victorians now take for granted as part of their lifestyle – sipping a glass of wine in a café, joining a sporting club using crown land if you're a woman, enjoying a show at the Melbourne arts, writers or comedy festivals, watching a game of footy under the lights at the Melbourne Cricket Ground – can be traced to decisions made by John Cain's government in the 1980s. With its attention to environmental protection, urban planning and the renewal of the inner-city, the Cain Government epitomised the quality of life agenda that the Labor Party, especially under Gough Whitlam, had done so much to promote in the 1960s and 1970s. It also did much to improve the efficiency and integrity of legal and administrative processes.¹

In the 1980s, Labor's electoral success in the States mattered and was integral to the advance of social democracy, to what Labor achieved, and – it must also be acknowledged – what it failed to achieve. And the future of Australian social democracy will also depend, to some extent, on what happens in the States. With their continuing importance across a range of matters that touch on the everyday

¹ For an overview, see Mark Considine and Brian Costar (eds), *Trials in Power: Cain, Kirner and Victoria 1982-1992*, Melbourne University Press, Carlton, 1992; Seamus O'Hanlon, *City Life: The New Urban Australia*, NewSouth, Sydney, 2018, pp. 63-4, 150-1, 205-6.

lives of Australians, from energy policy through to public transport, they remain critical to the future of progressive politics in this country, a point to which I'll return at the end of this lecture.

Political parties, like the societies whose affairs they try to influence, are bearers of collective memory. When labour parties were first formed in Australia in the 1890s, their founders looked to the past for inspiration, sometimes to the gold rushes and the Eureka Stockade, but also to a longer struggle for what they called British liberties. Later Labor leaders and activists looked back to the legend of the 1890s, tracing the origins of the Labor Party to the Tree of Knowledge and the Queensland shearers' strike, or to maritime strike and the Balmain Town Hall. Gough Whitlam saw his project as, to some extent, a picking up where John Curtin and Ben Chifley had left off, a belated realisation of the full potential of postwar reconstruction. Later again, Bob Hawke looked to Curtin for inspiration, while Paul Keating found a mentor, and a hero, in Jack Lang. It is telling that the disintegration of the Hawke-Keating relationship turned on Keating's assessment, in his memorable address to the Press Gallery journalists, of John Curtin as 'a trier'.

Memories are potent weapons in political struggle, whether that struggle is carried on within the party – as too many Labor struggles of recent years have – or beyond it against other parties. Consider the ubiquity of the political memoir these days. Sir Robert Menzies was prime minister for nearly a fifth of the twentieth century and turned out a couple of slim and mellow volumes in retirement. Kevin Rudd, prime minister for just three years, has just turned out a second volume that, set beside his previous effort, will bring his tally to about 1200 pages. And his efforts are far from mellow. The battle of the memoirs is an effort to shape collective memory, to take control of the narrative from one's rivals and opponents. They also challenge dominant media narratives and seek to influence historians of the future. The memoirists and autobiographers have had their say about the 1980s, from Bob Hawke and John Button through to Bill Hayden, Susan Ryan, Gareth Evans, Peter Walsh and Graham Richardson. They have been less common at the State level, but John Cain wrote an instructive memoir that narrated both the achievements, and the unravelling, of his government.²

Memoirs are probably in their very nature self-serving, but some are more self-serving than others, just as some are more frank, or more sensational. Some are also better written than others; John Button had a great deal more literary talent than Barnaby Joyce. Paul Keating has been content to have his say through interviews with Kerry O'Brien; a de facto memoir, perhaps, although one shaped, to some extent, by an astute and occasionally incredulous interlocutor in O'Brien.³ Politicians

² John Cain, *John Cain's Years: Power, Parties and Politics*, Melbourne University Press, Carlton, 1995.

³ Kerry O'Brien, *Keating*, Allen & Unwin, Crows Nest (NSW), 2015.

also speak through biographers with whom they cooperate; occasionally, they might even marry them.

So, what kind of party memory is there of Australia's 1980s? What has come down to us through the millions of words of journalism, memoir, history and academic analysis? I like Gareth Evans's comment, in the introduction to his recently published diary of the mid-1980s, that the government has come to be seen as a 'gold standard' but that it didn't always seem like that 'on the inside'.⁴ Here, we have a political practitioner reminding us of the sheer messiness of politics and of the tendency of posterity to tidy it up.

Evans's diary itself – an edited version of a much longer typescript created during those years – illustrates the point admirably. We don't easily find in it the fabled 'Hawke-Keating reform model' beloved of a certain type of New Corps journalist. Rather, we find a government grappling in an often piecemeal way with the challenges of the day, sometimes seemingly getting it right, more or less, and sometimes badly wrong – the diary, for instance, contains some vivid entries on the government's failure to deliver Aboriginal land rights. When we see Hawke, Keating and Evans discussing how to reform media ownership laws, one wants to play the pantomime audience and call out: 'Don't do it that way! He's behind you! (pointing to Rupert Murdoch). But they did it, and we still live with the consequences.

Episodes that now barely figure in the remembered 1980s attract much attention in Evans's diary, and present themselves as disturbingly complicated matters – the ordeals of Lionel Murphy, for instance. A Queensland mining disaster of 1986 takes a dozen lives, a reminder of an older economy still operating in a kind of oblivious indifference to the new one the government imagined itself opening up with its talk of high-tech manufacturing, value-added exports and a multifunction polis. Hawke, the great manager of cabinet, is sometimes testy or downright cranky. Keating is at the height of his powers, unafraid of displaying an effortless superiority over cabinet colleagues, yet you can also spot the dangers as the showman switches to vaudeville. Economic complexities are being obscured by the magician's puff of smoke, by the message that the market will solve it all, by the assumption that financial markets had a right to deliver the ultimate verdict on government policy. The glamorous corporate star who stalks BHP in the pages of Evans's diary, Robert Holmes à Court, will be ruined in 1987 and dead by 1990, a diminished figure wracked by diabetes and addicted to cigars. And the Australian economy will go down with him, and with all of those other hero-entrepreneurs celebrated at the time for shaking up complacent old money and giving the New York Yacht Club its overdue comeuppance.

Yet, the image of Labor's 1980s as a political golden age has been resilient. It is commonplace to bemoan the policy stagnation and political instability of our own

⁴ Gareth Evans, *Inside the Hawke Keating Government: A Cabinet Diary*, Melbourne University Press, Carlton, 2014, p. vii.

times by unflattering comparison with Hawke, Keating and a talented group of ministers. The failure of a succession of leaders since Rudd to connect with the electorate is held in contrast with Hawke's stellar popularity; but we forget that Hawke, too, was sometimes booed during sporting events, long before the octogenarian was cheered by cricket fans for downing a yard glass. Keating, as treasurer, is recalled with affection for his policy vision, for his ability to cut through, and for his skill in weaving a story of where he was taking the economy. His early lack of confidence is forgotten, as is his failure to get his tax package accepted in 1985. Awareness of the recession of the early 1990s – the worst since the 1930s – remains strangely disconnected from judgments about Keating as treasurer. What was obviously a disastrous event that ruined lives and livelihoods – many Australians never worked again – is neatly assimilated to the vision of a necessary and orderly business of clearing away economic and political rubbish left over from the eras of Deakin, Menzies and Fraser. Sure, the recession created mass unemployment, but it broke inflation, set up thirty years of prosperity, and even those who lost their jobs – Keating claimed – found '[a] better job a week later, in a growing economy with big employment growth'.⁵ The obvious absurdity of this claim should alert us that we are dealing here with myth rather than anything resembling history. And it is a mythology increasingly and rightly contested by Labor-aligned commentators such as Dennis Glover, who point to the devastation that deindustrialisation – sometimes promoted by Labor government policy – brought to many Australian working-class communities, leaving landscapes more like that of Berlin in 1945 than the glossy high-tech economy the reformers claimed to be making.⁶

But according to the rosy view, Australia was rescued from a fate worse than Argentina's by the market reforms of the 1980s which, in true Labor fashion, were carried out with a human face. Just a few weeks after the floating of the dollar – a reform touted as opening the economy – Medicare commenced. Wages stagnated, but there were pay-offs through the Accord: spending on health and education, welfare targeted at helping the poor, superannuation for ordinary workers, a reduced tax burden on low-income earners while collecting more from those with well-organised investments and a taste for the long lunch, all of it probably washed down with a bubbly Krug or four. The government devised plans to help the steel and car industries. Neither restored jobs to those who had already lost them, nor did the industries they sought to help prove sustainable in the long term – not the car industry, anyway – but they helped prevent an immediate free-fall and bought time.⁷

The Labor government sought to give freer play to market forces. Foreign investment rules were relaxed. Government enterprises and assets were sold, although privatisation only really took off in the 1990s. Tariff cuts were large but

⁵ O'Brien, *Keating*, p. 318.

⁶ Dennis Glover, *An Economy is Not a Society: Winners and Losers in the New Australia*, Redback, Collingwood, 2015.

⁷ Frank Bongiorno, *The Eighties: The Decade That Transformed Australia*, Black Inc, Collingwood, 2015, *passim*.

orderly, and the industrial relations system, while elevating the role of productivity in determining wages, retained a central role for the unions. Under the Prices and Incomes Accord, inflation dipped – not as far as for Australia's major trading partners, but lower than the soaring rates of the 1970s. Unemployment also fell, although we would not recognise it as low today. Australia experienced a balance of payments panic in 1986 – the so-called 'banana republic crisis' associated with Keating's throwaway line to John Laws in a radio interview – but there were promising signs for exports by 1987. When the New York Stock Exchange, followed by other exchanges around the world, suffered a massive drop in value in October 1987, the government predicted that the Australian economy, being fundamentally sound, would weather the storm. And it seemed for a time it would: there was no sign of mass unemployment – on the contrary, the official rate actually dropped in the late 1980s – manufacturing exports moved in the direction that gladdened the hearts of the Hawke Government's economic ministers, and rapidly rising commercial property prices along with soaring Japanese investment fuelled a continuing construction boom. Bricks and mortar – or concrete and glass – are a very safe investment when others things are going to pot; or so believed many investors, and the suggestible bankers who lent them money.⁸ But market researchers reported an anxious mood among Australians by 1987, even before the stock market collapse.⁹ John Howard sought to capitalise, although in the end unsuccessfully, through his *Future Directions* statement at the end of 1988, complete with its image of a happy suburban family, redolent of the 1950s, on the cover.¹⁰

There were few signs of anxiety, however, along the shores of Sydney Harbour on 26 January 1988, as an estimated two million people celebrated Australia's Bicentenary. By this time, a well-developed critique of Labor under Hawke and Keating had emerged. We find it expressed in a populist, knockabout way in the complaints about 'rich Labor mates', about Hawke's partiality to those he claimed as his close personal friends, such as Peter Abeles – a close Hawke confidant – Alan Bond and Kerry Packer. Such grumbling was widespread by the time of the 1987 election. The party's vulnerability to the accusation that it was no longer a real Labor government seemed all too plain. Does this help to explain why Hawke over-reached in his 1987 campaign speech with his promise to end child poverty when announcing a new, carefully targeted family benefit package? While unable to do that, the initiative did demonstrate the government's commitment to those otherwise in danger of being left behind as the millionaires multiplied and Australia's first billionaires, Packer and Holmes à Court, were announced by *Business Review Weekly*.¹¹

⁸ *Ibid.*

⁹ *Present Tense: The Plight of Australians Today: A Clemenger Report in conjunction with Arbes Strategic Research*, Clemenger Melbourne, Melbourne, 1988.

¹⁰ Liberal Party of Australia and National Party of Australia, *Future Directions: It's Time for Plain Thinking*, The Parties, Canberra, 1988.

¹¹ Bongiorno, *Eighties*, *passim*.

Still, the accusation lingered: was this a government without a Labor soul? Were they ‘Tories in Labor Drag?’, to borrow the title of one early critique.¹² In its embrace of economic rationalism, had it abandoned social democracy’s most potent weapon, the ethical critique of capitalism? Was it possible even to conceive of social democracy without that weapon? Or did its absence signal the arrival of a different kind of government, broadly progressive in social policy, but in economic policy terms indistinguishable from its opponents?¹³ The most detailed expression of this argument came from Michael Pusey, in his 1991 text *Economic Rationalism in Canberra: A Nation Building State Changes its Mind*. The Pusey thesis, as it became known, pointed to the ascendancy of a particular ‘economic rationalist’ world-view among influential senior bureaucrats who, in turn, were subject to increasingly tight political control by ministers from a dominant ‘semi-Thatcherite “Right” faction whose ministers control Prime Minister and Cabinet and Treasury and other key departments’.¹⁴ Pusey argued that this process has drastically weakened the integrity of the state and, indeed, if it were not checked, threatened to destroy – by instrumentalising – nationhood, culture and identity.¹⁵

I would not go so far as Pusey, but I have some sympathy with the claim that the Hawke Government’s embrace of the market drastically reduced its capacity to provide a critique of capitalism and, in practical terms, weakened the state’s ability to grapple with market-based injustice, inefficiency and failure. This was why the Rudd Government’s response to the Global Financial Crisis seemed so removed from the Hawke-Keating era, and more closely connected to the Keynesian age that had preceded it.

Nonetheless, it is equally clear that Hawke Government policies did not usually embrace the radical free-market option where there was a viable middle way. A good example is in tertiary education: government policy under John Dawkins did seek to align the university sector with government economic goals, but it pursued this goal by centralising power in the government, not primarily by unleashing market forces. It did not embrace the most free-market options available as a means of paying for expansion, eschewing full fees and private sector finance for domestic students in favour of income-contingent loans payable through the taxation system. It is true that in the longer term, universities have become much more like businesses than they were thirty years ago, with education treated too much like just another commodity in the marketplace. But the reform of tertiary education in Labour’s 1980s was not a straightforward instance of free-market reform.¹⁶

¹² Peter Beilharz and Rob Watts, ‘Tories in Labor Drag?’, *Australian Society*, 1 May 1984, pp. 32-3.

¹³ An important contemporary intervention in these debates was Graham Maddox, *The Hawke Government and Labor Tradition*, Penguin, Ringwood (Vic.), 1989.

¹⁴ Michael Pusey, *Economic Rationalism in Canberra: A Nation-Building State Changes its Mind*, Cambridge University Press, Cambridge, p. 7.

¹⁵ *Ibid.*, pp. 241-2.

¹⁶ The fullest account is Stuart Macintyre, Gwilym Croucher and André Brett, *No End of a Lesson: Australia’s National System of Higher Education*, Melbourne University Publishing, Carlton, 2017. See

A similar point can be made with respect to industrial relations; the Hawke Government sought to retain a central place for unions in a modified arbitration system, and then in enterprise bargaining. Transformations in the nature of the workforce and anti-union legislation passed by conservative state governments in the 1990s did change the terrain; the flat wages now widely recognised by economists as a drag on our prosperity are one result. The Hawke Government did not cause this problem, but certainly its elevation of so-called labour market efficiencies – which unions are formed to resist in the interests of their members – arguably did some of the groundwork for what came later. In ways such as this, the Hawke Government did contribute to the emergence of a neoliberal order which has now revealed that it cannot underwrite constantly rising living standards, in Australia or anywhere else.¹⁷

In Australia's 'wage-earner's welfare state',¹⁸ employment is a powerful shaper of material circumstances. Wages stagnated in the 1980s and disparities in the earnings between different groups fuelled income inequality. But well-designed and carefully-targeted tax and welfare policies to a large extent offset this trend, especially for the poorest.¹⁹ This occurred in the context of public opinion that was strongly in favour of lower taxes, much more so than today. The Australian Election Study tells us that in 1987, 65% of voters wanted lower taxes, compared with only 35% in 2016. Just 15% wanted more spending on social services in 1987, compared with more than double that proportion – 32% – in 2016, down from 47% in 2007, when the Rudd Government was elected.²⁰ Today's opportunity for a social democratic government contrasts with yesterday's constraint: the Hawke Government was operating in an environment where there was low tolerance for public spending funded by higher taxes.²¹ That places the considerable achievement of ministers such as Brian Howe in its proper perspective.

Are these just fine distinctions, an effort to absolve the Labor Party from the responsibility of history? I don't think so. Historians are interested in contexts, contingencies and counterfactuals. We explore why specific events unfold as they do, wrestle with the relationship between intentions and outcomes, and suggest how history might have happened differently in alternative circumstances. We are

also Gwilym Croucher, Simon Marginson, Andrew Norton and Julie Wells (eds), *The Dawkins Revolution: 25 Years On*, Melbourne University Publishing, Carlton, 2013.

¹⁷ In this regard, however, I would not go quite as far as Elizabeth Humphrys and Damien Cahill, 'How Labour Made Neoliberalism', *Critical Sociology*, Vol. 43, Issues 4-5, 2017, pp. 669-84.

¹⁸ See Francis G. Castles, *The Working Class and Welfare: Reflections on the Political Development of the Welfare State in Australia and New Zealand, 1890-1980*, Allen & Unwin in association with Port Nicholson Press, Wellington and Sydney, 1985.

¹⁹ Peter Whiteford, 'Australia: Inequality and Prosperity and their Impacts in a Radical Welfare State', in Brian Nolan et al. (eds), *Changing Inequalities and Societal Impacts in Rich Countries: Thirty Countries' Experiences*, Oxford University Press, Oxford, 2014, pp. 48-70.

²⁰ Sarah M. Cameron and Ian McAllister, *Trends in Australian Political Opinion: Results from the Australian Election Study 1987-2016*, School of Politics and International Relations, Australian National University, Canberra, 2016, p. 87.

²¹ Shaun Wilson and Trevor Breusch, 'Taxes and Social Spending: The Shifting Demands of the Australian Public', *Australian Journal of Social Issues*, Vol. 38, Issue, 1, February 2003, pp. 39-56.

sceptical of the 'laws', 'theories' and 'models' that receive a more hospitable reception from sociologists and political scientists. We tend to resist claims to inevitability, and hesitate when assured that that history has this or that general direction if we take the long view, notwithstanding the occasional distracting by-way. This is why historians generally had difficulty taking seriously Francis Fukuyama's 'end of history' thesis, a product of the changes wrought during the 1980s.

The problem with the long view of history is that, as E.P. Thompson once remarked, 'we are not at the end of social evolution ourselves'.²² The long view will keep changing as time passes and our perspective changes, an insight satirised by Chou En Lai's famous quip that it was too soon to assess the French Revolution's impact. The Howard Government believed it had history on its side when it sought a radical reconfiguration of industrial relations in 2005. It believed that it was completing a process that only its previous lack of a Senate majority had prevented. But the resistance to *WorkChoices* between 2005 and 2007 showed that even having the numbers in parliament did not make reform inevitable, a result that was made possible because there was still a union movement strong enough to resist and because if there had been a neoliberal revolution since the 1980s, it had not dissolved some very well-entrenched popular ideas about the fair go. That sense of fairness may well be Australian social democracy's most powerful legacy, and the most valuable resource for any future federal Labor government.

The most sensible counterfactual in considering what Hawke Labor did in the 1980s might not be earlier social democratic or labour governments, but what governments were doing elsewhere. Consider the following assessment: that the decade

marked the end of large-scale nation-building projects, was a reflection of a turn in politics and policy, and illustrated a willingness ... to eschew the notion of collective building and to replace the common good with a much narrower vision of what was possible. Macroeconomic state-building infrastructure projects gave way to microeconomic desires for lesser taxes, individualism, and a smaller, less able or visionary state. Instead of state-building projects, there was gridlock, privatization, and ultimately, fragmentation.²³

It sounds a bit like Australia, but it's not: I have pulled this passage from a recent textbook on Canadian history. I could have turned to any number of countries of the 1980s (and 1990s), some – like France, Spain and New Zealand – with social democratic governments, others – like the United States, Britain and Canada – with governments of the right. There were differences of detail, of degree, and of timing, and these do matter for any understanding of the dynamics of each society. But the

²² E.P. Thompson, *The Making of the English Working Class*, Penguin, Harmondsworth, 1968 [1963], 13.

²³ Dimitry Anastakis, *Re-creation, Fragmentation and Resilience: A Brief History of Canada since 1945*, Oxford University Press, Ontario, 2018, p. 32.

shift to a greater role for markets in resource allocation was unmistakable in much of the developed world, as well as in parts of the developing world – most obviously and famously, in China under Deng Xiaoping, but you will also find it in Chile under Augusto Pinochet and Ghana under Jerry Rawlings. India's turn would not come until the 1990s, but it would come. The World Bank and International Monetary Fund played their parts in this process, often pinning the condition of adherence to free-market principles and fiscal restraint to financial help.

What does all of this mean for Australian social democracy's prospects today? The sense of social democracy being in an international crisis is presently very widespread. This is hardly surprising. The classic parties of labour, socialism and social democracy are, almost everywhere, under great pressure: Germany, France, Spain, Sweden and – in a different way – the United Kingdom, where recent electoral gains might or might not signal the electability of Jeremy Corbyn.²⁴ Right-wing insurgency and the rise of the political strongman are not good news for social democrats and progressives: Brexit and Trump have each been understood in the context of popular dissatisfaction with the political establishment and the economic deal that it has delivered. It is – as any casual observation of a Trump rally will tell you – a highly emotional encounter and a far cry from the rationalist politics associated with social democracy.

As Stuart Macintyre has recently suggested, Australia, Canada and New Zealand seem thus far to have been largely immune from the kind of populist insurgency we have seen in so many other parts of the world. That might be, in part, because they have suffered less from the economic ordeals of recent years; living standards have been under less pressure. They are also, as Macintyre suggests, settler societies that once practised racial exclusion but which now have highly developed and well-supported multicultural policies.²⁵ This relatively benign environment, while fragile, does offer opportunities for a future Shorten Labor Government. Shorten has not had to cope with the problem faced by German social democrats. Unlike Angela Merkel, Malcolm Turnbull was unable to move his party to the centre. Not that his many gestures to the Liberal Party right ultimately did him any good, but the point is that Shorten and Labor did not find themselves competing with the Liberal Party for the middle ground. Instead, the Labor Party faces a hopelessly divided coalition, many of whose members believe that there are advantages to be had from moving the party further to the right and into the territory inhabited by climate change denialists and even crypto-racists. For Labor and

²⁴ Rob Manwaring and Paul Kennedy (eds), *Why the Left Loses: The Decline of the Centre-Left in Comparative Perspective*, Policy Press, Bristol, 2017.

²⁵ Stuart Macintyre, 'From Bolshevism to Populism: Australia in a Century of Global Transformation', The Geoffrey Bolton Lecture 2017, Government House Ballroom, St George's Terrace, Perth, 14 November 2017, available at: http://www.sro.wa.gov.au/sites/default/files/geoffrey_bolton_lecture_2017_stuart_macintyre_14112017.pdf, pp. 14-15.

Australian social democracy, this may well be a once-in-a-generation opportunity, and it should not be squandered lightly.

Shorten, not unnaturally, identifies strongly with the Labor Party leader who was most successful among all since the war in occupying that middle ground. Shorten was a teenager in the mid-1980s. His book *For the Common Good*, released before the last election, praises Hawke's emphasis on consensus, which 'was not only suited to the times but spoke to the best traditions of our nation's political history'. Hawke had shown 'that government could make bold economic decisions and harness market forces while preserving the nation's egalitarian soul'.²⁶

It is no doubt sensible for leaders to seek consensus and the middle ground, so long as they are willing to recognise that the ground has shifted. But perhaps we should ask more of Shorten and the federal Labor Party. He confronts a very different scenario to Hawke in 1983, one shaped by a growing international preoccupation with the inequality from which Australia has not been immune: between classes, between generations, between sexes, between Indigenous and non-Indigenous Australians, between those with and without secure jobs, between those who pay their taxes and those with businesses registered in places such as the Cayman Islands. Shorten might not inherit a sense of economic crisis, or even perhaps of deep malaise. On the contrary, he inherits one of the most successful economies in the world and living standards that are widely envied. But he will still have plenty of work to do. Notably, he will inherit a deep sense of distrust in politics and politicians; much deeper than anything Hawke or Keating faced.²⁷

This is problematic for the rationalist politics of social democracy. To the extent that passion triumphs over reason, it reduces the space for social-democratic argument and innovation. Social democracy, because it is ultimately a politics of hope and transformation that depends on popular participation or at least democratic consent, does seem to demand a high level of trust. But one consequence of the winding back of the Australian protective state of the 1980s is that fewer voters seem convinced that governments have the will or capacity to make their lives better. I have some sympathy with the idea that whatever its consequences for the economy, the economic and governmental reforms of the 1980s and 1990s hollowed out our politics.²⁸ Having ceded so much to the market in the 1980s and 1990s, parties and governments now face the problem that electors see them as lacking the credibility to carry out the range of functions that electors still look to them to perform.

A Prime Minister Shorten will find himself amidst an international crisis for social democracy. As such, he will arguably carry a greater sense of global responsibility than Hawke did in 1983. If social democracy fails in Australia, does it

²⁶ Bill Shorten, *For the Common Good: Reflections on Australia's Future*, Melbourne University Press, Carlton, 2016, pp. 24-5.

²⁷ Cameron and McAllister, *Trends in Australian Political Opinion*, pp. 74-5.

²⁸ Ian Marsh, 'Neo-Liberalism and the Decline of Democratic Governance in Australia: A Problem of Institutional Design?', *Political Studies*, Vol. 53, Issue 1, 2005, pp. 22-42.

have a future anywhere? Look at the hopes that have been raised by the modest triumph in little New Zealand represented by the election of Jacinda Ardern. This came at a time when centre-left parties almost everywhere seemed in retreat. Ardern's victory, along with Justin Trudeau's in Canada and Corbyn's remarkable electoral challenge in Britain, have helped restore some sense of hope on the centre-left. But a Labor victory in Australia, with its economy the size of Russia's, would be more consequential than Ardern's in New Zealand. It would certainly be interpreted as a litmus test for whether social democrats can still successfully govern developed western countries. As Osmond Chiu has recently reminded us, the Hawke experiment has been seen as the basis for 'Third Way' thinking and practice in Britain and Europe in the 1990s. Similarly, an Australian Labor government would offer social democrats elsewhere a case-study that might inspire, warn or dismay.²⁹

I want to end on a note that seems apposite in a lecture delivered in honour of John Cain. The future of Australian social democracy may well be more dependent on State government than is often assumed. It is now a commonplace of political discourse to complain that major reform at the national level has become more difficult than ever, given the complexity of the interests to be negotiated, the scrutiny of a 24/7 news cycle, the febrile nature of social media, the difficulty of managing kaleidoscopic internal party factions, the challenges of dealing with minor parties and independents, and much else that makes the way of the reformer in Australia an unenviable one. In these circumstances, there is something to be said for looking to State Government, not as an alternative to the federal sphere, but as a domain in which to effect reforms in a more piecemeal and experimental way that would not otherwise be possible. There are already some striking developments, extending from moves toward an Aboriginal Treaty in Victoria and a Human Rights Act in Queensland. It would be foolish to ignore these promising shoots, especially at a time when the federal sphere is as barren as at present.

Australian social democracy should look to Whitlam, Hayden, Hawke and Keating for what can be achieved nationally. But it should also look to John Cain and other Labor leaders who have recognised in State Government an opportunity for Australian social democracy. The problems of the 1980s are not our own, and it would be absurd to expect the experiences of the Labor governments of those times to offer simple lessons to be applied in the future. The problem of wage theft, for instance, is hardly likely to register in a workforce, such as that of the 1980s, with forty per cent union coverage, compared with the present situation. It must be a priority for a future Labor government.

Our own times provide opportunities that were unavailable to Hawke and Keating. We are a much richer nation than in 1983, more liberal in our social

²⁹ Osmond Chiu, 'The Third Way Isn't Dead Yet', Jacobin, 5 November 2018, available at: <https://www.jacobinmag.com/2018/11/australian-labor-party-third-way-social-democracy>

attitudes, and more willing to countenance higher taxes in the interests of necessary and useful public spending. I'd suggest that there are worse scenes than that for social democrats to contemplate.