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# Australia History

Lecture

University of Virginia, Australian History Class

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We often define the Australian model of political economy that emerged with federation as being comprised of four elements - White Australia, Protectionism, Arbitration and the Living Wage and indeed that was a large part of the picture. In a sense it was a social contract between a middle-class elite and white working-class Australians to lock on Anglo-centrism and the English monarchy (as against republicanism), capitalism (as against socialism), and a strong, interventionist state (as against market liberalism)

It was a remarkable achievement that involved leadership of the highest order. Indeed Australia was seen as a leader in the quest for a solution to the "social question" that was dividing Europe.

We should note, however, that there were two other elements that helped seal the deal - federalism and developmentalism.

The Australian Constitution brought together the six colonies under the banner of US-style federalism rather than Westminster-style centralism. This wasn't just a good option but also a necessary one. It was a contract between six "communities" each with their own political, social and economic histories.

The other contract involved was between the capital cities and rural and regional Australia.

It's quite obvious that at one level the new system of political economy worked against regional Australia by increasing the costs of production for the export industries based there - pastoralism, agriculture and mining. However, the deal was "support all round" and governments borrowed and invested heavily in infrastructure to open up the country. In some jurisdictions this was backed up by State Socialism or the creation of government trading enterprises in competition with the private sector and important employers of labour outside the cities.

This system wasn't without its contradictions or its critics from the Right and the Left. It put a heavy strain on government budgets and the costs of production. It was racist and it restricted options for workers keen to exercise their collective power. It was Anglo-centric but in a society with a significant Irish population. It worked best in a multi-party parliament with social liberals in the middle but the political reality saw to it that a two-party system emerged in its place.

In the two-party system Labor started out as the winner but split over "Empire" (not surprisingly) and "Balanced Budgeting" (more surprisingly). On the conservative side keeping the agrarian socialists and free traders at bay often proved difficult and coalition was never easy.

In the late 1940's and 1950's two important initiatives consolidated the system - Keynesianism and high levels of immigration.

The idea that budget policy could be used not just to restrain inflation in the good times but also to protect employment in a downturn had some important followers in the 1930's but wasn't

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until the 1940's when John Curtin committed his government to the maintenance of full employment that it became institutionalised.

The case for large-scale immigration was put by Ben Chifley in 1945: "We must populate Australia as rapidly as we can before someone else decides to populate it for us" A Department of Immigration was established and before long was facilitating migration not just from Britain but also Europe. It changed Australia but not its racial composition, at least in the short-run.

It was, however, a re-united Liberal Party under Robert Menzies that was given responsibility to consolidate this up-dated version of the Australian Settlement in the 1950's, Labor having overplayed its hand on bank nationalisation and then split asunder due to the twin influences of Communism and Catholic Action.

This was the Australia into which I was born, with a mother favouring the Labor version and a father the Liberal alternative. When you look at it from a distance, though, it is what had united them when they met in the army during the Second World War that was more important than what had divided them - the aspiration to create a community from a continent.

As Australia entered the 1970's it had become clear that change was in the air. What had been a masterful and long-standing consensus on political economy was beginning to unravel; culture and the environment as well as economics became part of the political equation and what had been seen as a threat to our security - political change in the Asia-Pacific came to be seen as an opportunity for our resource and education rich nation.

It started with race, moved to nation, gender and sexuality and finished with economics and the environment.

Four concepts have underpinned the progression from an Old to a New Australia - human rights (as opposed to natural or socially-determined rights), national self-respect (as opposed to Anglo-centrism), competition (as opposed to protectionism), and sustainability (as opposed to developmentalism).

In the Old Australia rights (and responsibilities) weren't shared equally. In some cases this meant no or very little by way of rights (Indigenous and homosexual).

Australia) whilst in others it meant a range of legal, social and economic restrictions (women's and migrant Australia). The idea that we could be different but equal was thought to be revolutionary and de-stabilising.

As has always been the case in human history discrimination and oppression were challenged, in our case by a plethora of social movements for change based on but not restricted to those affected - women, Aboriginal Australians, gays and lesbians and migrants. What emerged was legislation against discrimination and for aboriginal land rights, equal opportunity and multiculturalism.

In some cases the States led the way (think of Don Dunstan), in others the Commonwealth led (think of Gough Whitlam and Malcolm Fraser) but in each case it was a hard fought matter, particularly in the largely unreformed Upper Houses at state level. Not surprisingly one vote one value and proportional representation was joined to the campaign for social equality - and was largely successful.

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Australia's links with the monarchy survived an assault by republicans in the 1990's but appeals to the Privy Council were abolished in the 1980's. However, the seeds for complete constitutional autonomy were sown and even Australia's home-grown monarchists shifted their focus onto our appointed Governors and Governors-General as a key link in the chain of accountability and responsibility. For all intents and purposes, they said, the locally appointed Vice-Roys were our Heads-of-State.

So too were the seeds sown for the notion that Australia could be an "honest-broker" rather than a "faithful ally" in international affairs. This has been a very hard call for politicians to make in the years of the Cold War but the argument was made, particularly by Labor's left and centre. It might have gained more currency if, at the end of the Cold War, sections of the Islamic world starting with Iran in 1979 had not rallied to the call for Global Jihad.

The radical critique of protectionism and developmentalism was made in the name of rational economics but also prosecuted in the name of fairness and sustainability.

Protectionism was seen to be shifting resources away from areas of maximum potential, particularly the resources and services sector. It was increasing prices for consumers and undermining faith in government as a guarantor of the level playing field for all aspiring entrepreneurs.

Developmentalism was described as playing a similar role but add to that the potentially damaging consequences on the environment of its "taming nature" and "big is beautiful" instincts. It wasn't long before ecology joined economics at the seat of power.

Deep within the heart of Australian society new forces emerged promoting a more open economy, a more flexible labour market and more sustainable technologies for production and distribution. Prices, it was said, should reflect the real costs of production, including the environmental costs and any government subsidies that may conceal them. Nature - and the biodiversity contained within its realm - became something of value, to be protected rather than exploited.

So it was, then, that the idea of a level playing field was given shape - for the economy itself and for relations between government and the economy. It was called microeconomic reform (or globalisation) and firms (including government trading enterprises) and industries were expected to stand or fall on the basis of their costs that is to say their real costs of production.

At no point in the evolution of the case, however, was it expected that the neo-liberal idea of the minimal state would become dominant. Rather, sustainability became the governing ideology of new Australia. This meant a strong economy, a healthy environment and a fair society. However, as was the case with the post-federation contract there were "radical", "centrist" and "conservative" versions of the New Australia. Politics, as they say, never delivers a perfect form!.

Fairness had already become currency in respect of the nation's women, its indigenous people, gays and lesbians, and non-English speaking and non-white citizens. Re-distribution was still favoured but implemented via a "Social Wage" rather than a "Living Wage". This meant continuing welfare provision (even if altered with various forms of mutual obligation), Medicare and an expanded education system, from pre-primary to tertiary.

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As noted above it wasn't a system without its contradictions and conflicts. Non- metropolitan and rural Australia resented the assault on protectionism and developmentalism as did sections of the working-class resent the assault on protectionism. Sections of middle-class Australia, on the other hand, resented the compromises made by the Liberals and Labor in respect of economic reform, human rights and the environment.

Not surprisingly the two-party system began to fracture. In the 1990's it was the Democrats and One Nation and this century it has been the Greens - and more recently Bob Katter's Australian Party. These parties at the edges represent "new" and "old".

In respect of the States it wasn't all one way traffic. Economic reform has promoted centralisation of power but the States continue to play an important role, even if their constitutional and financial position has weakened. This increased power to the Commonwealth has made it harder for States to practise their traditional forms of employment support via infrastructure provision. In most cases, however, this didn't matter because the States themselves had become economic reformers, sometimes in partnership with the Commonwealth. Even Labor was taking the scalpel to its state socialist legacy.

Most importantly the States still have the capacity to plan and advocate for the communities they represent. This was the point of the original contract and it remains the case today. So too can they take up issues and innovate in ways not yet agreed upon at a national level. This capacity to innovate is recognised as important by many who may otherwise identify New Australia with more Commonwealth power, more uniformity and more national consistency. In fact in the New Australia federalism sits more comfortably inside our multi-party, multi-interest and multi-cultural world.

Also resilient in the face of challenge is the belief in marriage as a union of a man and a woman and the English monarchy as the fountainhead of the constitution. So too are some traditional Christian rituals such as the Lord's Prayer to commence parliamentary proceedings given a special place, along with conservative attitudes to the role of men and women in religious matters. Discrimination against women in the Churches for example is allowed for in our legislation.

The battle for the heart and soul of Australia continues .....