THE AUSTRALIAN RESOURCES BOOM: CONSOLIDATING NEOLIBERAL HEGEMONY

Martin Duck

The most recent Australian resources boom sustained one of the longest uninterrupted periods of economic expansion in the nation’s history. Both major political parties lay claim to having responsibly managed the expansion. However, such claims are contradicted by the persistent structural deficit in the federal budget, rapidly increasing private debt, persistent unemployment, rising inequality, and poverty alongside unprecedented affluence. The deficit, though modest by OECD standards, has been used to justify the politics of austerity and further regressive changes to Australia’s political economy. This article argues that this politics of austerity is largely a legacy of the Howard Coalition government’s time in office between 1996 and 2007. The windfall revenue generated by the resources boom provided cover beneath which neoliberal hegemony in Australia—arguably established under the ALP governments of Hawke and Keating between 1983 and 1996—was consolidated and extended. At the height of the resources boom, the Coalition delivered modest budgetary surpluses while making structural reductions to the revenue base that have outlived the commodities super-cycle. At the same time, the wealth effect of historically high terms of trade, tax cuts, and cheap credit reduced the salience of class politics.

Following Gramsci (1971: 177-78), it is suggested that the development of neoliberalism in Australia is best understood as an ‘organic movement’ during which the Hawke and Keating ALP governments and the Howard Coalition government can be considered ‘conjunctural episodes’. The changes wrought on Australia’s political economy by the ALP during the 1980s and 1990s enabled the Coalition to utilise the favourable economic

conditions generated by the resources boom to wage a ‘war of position’ (Gramsci, 1971: 243), whereby a more disciplinary form of Australian capitalism was fashioned, along with a change in the premises of fiscal policy, with enduring consequences.

Despite decades of use, neoliberalism remains a contested and imprecise term. Neoliberalism is conceptualised here from an historical materialist standpoint as ‘a class-based project, arising in a particular historical context and aimed at dismantling the hegemonies underpinning the post-war social order, thereby creating a new set of conditions for capital accumulation’ (Cahill, 2007: 221). Drawing on the work of Cahill (2007; 2014), this conception of neoliberalism differs from idealist conceptions which consider it a system of rational economic agents transacting in free markets. This is not to discount the role of ideas in social and political economic change. Neoliberalism as normative ideology certainly exists, stipulating that markets—as opposed to states—are the most efficient mechanisms with which to allocate scarce resources and enable the freedom of individuals (Beggs, 2015: 9). Such ideas have become largely hegemonic across the advanced capitalist nations and form the ideational environment in which policies and strategies are formulated. Yet, as de Brunhoff (1978: 64) succinctly states: ‘it is not necessary to confuse the ideology of economic policy with its actual practice as a capitalist strategy, even if the practice requires such an ideology.’ The changing forms and articulations of economic policy during the neoliberal era can best be explained by emphasising the ‘material context’ and the ‘strategic situation in which ideas were drawn up and applied’ (Beggs, 2015: 10). Gramsci’s notion of “conjunctural episodes”, that is, ‘incessant and persistent’ efforts to accomplish certain ‘historical tasks’, explicitly links ‘the set of circumstances which determine the market in a given phase’—whether favourable or unfavourable—to ‘immediate politics, to “tactics” and agitation’ (Gramsci, 1971: 177-78), and is thus particularly useful for investigating and analysing capitalist strategies in their historical and material context.

The argument is laid out as follows. Section one discusses the contested history of neoliberalism in Australia under the Hawke and Keating ALP governments. It is argued that, whether this period is considered ‘vanguard neoliberalism’ (Humphrys and Cahill, 2017) or ‘Neo-Laborism’ (Collins and Cottle, 2010), national income was wrested from labour to capital and organised labour weakened as a countervailing political force. Section two considers the resources boom itself, arguing that between 1996 and 2007
the Coalition government utilised the windfall revenue generated by the resources boom to consolidate and extend neoliberal hegemony. The capacity of the state to guard against future economic downturns, and to fund health, education and welfare payments for those adversely effected by the restructuring that occurred during the 1980s and 1990s, was limited by regressive changes to the tax system. Unemployment remained higher during this period than at any time during the post-War boom and the share of national income appropriated by capital during the preceding decades was maintained. Section three discusses how the perception of widespread affluence generated by the resources boom was sufficient to give credence to pernicious cultural and ideological politics aimed at weakening class consciousness behind a veil of nationalist sentiment. In this climate, class politics were easily construed as the ‘politics of envy’.

Neoliberalism in Australia

The Hawke and Keating ALP governments from 1983 to 1996 marked a watershed in Australia’s political economic history. How to best interpret this period remains contested. Collins and Cottle (2010: 25) distinguish ‘the pragmatic policies of the ALP from the calculated tactics of an emerging neoliberalism’, arguing that the period marked the beginning of ‘Neo-Laborism’, a ‘pragmatic policy approach […] aimed at ensuring sustained growth coupled with corporatist agreements to appease organised labour’. In contrast, Humphrys and Cahill (2017: 669; Humphrys, 2018) suggest that this period highlights the ‘active role of labour within the development of neoliberalism’: a case study which can be usefully juxtaposed against ‘dominant narratives’ which suggest that labour was a victim of a hegemonic project imposed by the ‘New Right’. Formulated as a response to a decade of recurrent recessions, high unemployment and industrial militancy, the Accord agreed between the ALP and ACTU stipulated that the social wage would be increased and expanded and tax reform implemented in return for unions limiting wage claims to the level of inflation (Cahill and Humphrys, 2017: 674). The agreement thereby effectively redistributed national income from wages to profits in the hope that an increased profit share for business would lead to increased investment and that improved trade performance would alleviate current account constraints (Bell, 1997: 233). On this criterion, the Accord was successful; the original agreement was renegotiated.
several times during the ALP’s time in government. Though slowing wages growth cannot be solely attributed to the Accords during a period of historically high unemployment, Chapman (1990: 51, cited in Beggs, 2015: 270) summarises several econometric studies based on non-Accord comparisons to suggest that wage inflation was reduced by ‘three percentage points per year, and real wage levels by ten per cent for 1983–89 (or 1.67 per cent per year on average), ceteris paribus.’

At the outset, the Accord was primarily concerned with wage suppression compensated by more government spending on the ‘social wage’. However, by 1985 it became clear that the evolving agreements were part of a broader program of economic restructuring. The 1984 election was won alongside ‘the trilogy’ commitments, which stipulated that taxation would not increase as a percentage of gross domestic product (GDP), federal expenditure would not outpace GDP growth, and the size of the federal deficit would be reduced in money terms by 1985–86 and not increase during the following two years (Quiggin, 1998: 80). Despite the ALP having run opposition campaigns from 1975 to 1983, based on an ‘expansionary program centred on the Accords’ (Quiggin, 1998: 81), what eventuated in practice was a contractionary ‘fight inflation first’ strategy which severely limited the government’s ability to deliver on key aspects of the original agreement. During the same period, a series of ‘rationalisations’ were implemented which marked a radical break with Australia’s post-war settlement. The Australian dollar was floated in 1983 under speculative pressure from foreign exchange markets, and in 1984 and 1985 foreign banks were effectively admitted into the domestic market with the abolition of interest rate controls (Bell, 1997: 142). In a bid to subject domestic capitals to international competition and thereby ‘weed out’ (Bramble, 2016: 274) less efficient operations, Australia’s highly protective tariff regime was lowered, a process that had begun earlier with the Whitlam government’s across the board 25 per cent tariff reduction and continued throughout the 1980s and 1990s under the Hawke and Keating governments (Quiggin, 2001).

To suggest that these measures amounted to a ‘coherent and deliberate […] state project of neoliberalism’ in which the ACTU was actively complicit (Cahill, 2007: 229) is perhaps too strong an indictment. The adoption of the Accords by the Unions can more sympathetically be considered a defensive strategy during a period of high unemployment and limited influence outside the existing arbitration system. The ACTU sought to shift ‘the location of action and struggle from the workplace to the state’
and thereby gain influence on ‘the instruments of the state within that system’ (Beggs, 2015: 273). The Australian labour movement’s ability to counter neoliberalism is, however, ‘hamstrung’ by its past (Cahill, 2007: 228). The Accords mark the beginning of a precipitous decline in rates of union membership in Australia. In 1986, 46 per cent of Australian workers were trade union members; by 2007 that number had fallen to 19 per cent and by August 2016 that figure had fallen further to 15 per cent (Australian Bureau of Statistics [ABS], 2008; 2016a). This cannot be wholly attributed to the Accords, because demographic and technological shifts throughout the period no doubt contributed. However, a strategy relying on closer affiliation with the parliamentary wing of the labour movement ensured that the industrial wing’s fate was increasingly determined by a political party whose legitimacy and electability relied on continued and expanding capital accumulation. These were, inevitably, contradictory goals.

The Hawke and Keating Labor governments conspicuously restructured Australia’s political economy in response to widely-recognised economic crises. This reduced the political efficacy of organised labour, limited wage increases, and further subjected Australian workers to the rigours of global economic conditions. In neutralising class antagonism via a corporatist project and more fully integrating global economic forces into the Australian economy, the Labor governments thereby paved the way for the Coalition to subsequently consolidate and extend neoliberalism in Australia via different strategies: an opportunity it capitalised upon.

The Resources Boom: creating a deficit

The structural changes made to Australia’s economy throughout the 1980s and 1990s allowed mining, construction, finance and property to supplant manufacturing and agriculture as the dominant fractions of Australian capital (Cottle & Collins, 2010: 31). One of the most significant economic ramifications of this has been Australia becoming a primary supplier of liquid natural gas, iron ore and coal to a rapidly expanding People’s Republic of China (Bramble, 2016: 276). Throughout the 2000s, investment as a share of GDP doubled as mining operations expanded in response to soaring commodity prices, pushing up the terms of trade, gross domestic income and the profit share of GDP (Bramble, 2016: 276). Investment in the mining sector increased from 2 per cent of GDP to 8 per cent of GDP over the decade to 2014 (Downes et al., 2014: 1), and in
September 2011 soaring commodity prices raised the terms of trade to their highest level in 150 years (Atkin et al., 2011: 55). By 2013, the resource industry had become the largest sector of the Australian economy, comprising 11 per cent of GDP and 38 per cent of corporate profits (ABS, 2013). During the early and mid-2000s, this swelled federal and state tax receipts to unprecedented levels. Company income tax paid by mining operations to the Australian government and royalties paid to State governments increased from around ½ a per cent of GDP at the turn of the 21st century to 2 per cent of GDP in 2008-09 (Connolly & Orsmond, 2011: 37). The boost to investment and national income delivered an increase in tax revenue of $79 billion, or 7 per cent of GDP, between the 2003-04 and 2008-09 financial years (Commonwealth of Australia, 2013).

The revenue generated by the resources boom allowed then Commonwealth treasurer Peter Costello to make structural reductions to the tax base that have outlasted the commodities super-cycle (Denniss, 2015). These included cuts to personal income tax, a capital gains tax discount, tax concessions for superannuation contributions, the removal of indexation of the fuel excise, and a reduction of the corporate tax base targeted at reducing the tax burden on foreign investment (Clark & Hollis, 2013; Denniss, 2015). By 2015, revenue foregone due to these measures amounted to $56 billion per annum (Denniss, 2015). These reductions to the tax base are largely responsible for the structural deficit in the federal budget that became all too apparent as the mining boom waned. The Commonwealth’s projected fiscal deficit over the forward estimates for that year was $14.5 billion (Commonwealth of Australia, 2018a: 1-1) and net Commonwealth debt was projected to peak at 19.5 per cent of GDP in 2017-18 (Commonwealth of Australia, 2018b: 7-3), above the historical high of 18.1 per cent of GDP in 1995-96 (Parliamentary Budget Office, 2016: 6). The budget was forecast to return to surplus over the forward estimates in the 2018-19 federal budget (Commonwealth of Australia, 2018a: 1-1): however, these projections were predicated on extremely optimistic assumptions regarding the rate of global economic growth, commodity prices, and the efficacy of further reductions in the corporate tax rate to generate increased revenue.

A standard Keynesian position requires the accumulation of surpluses during boom periods and a switch to fiscal deficits in conditions such as the Global Financial Crisis (GFC)—as resulted from the ALP government’s fiscal stimulus package in 2008-09. On the other hand, the Coalition’s insistence that fiscal policy can be deemed successful on the
basis of budget surpluses, no matter the prevailing economic conditions, ‘implies profligacy in boom periods, when large surpluses are required’ (Quiggin & Junankar, 2013: 19). A working paper by staff at the International Monetary Fund identifies the tax cuts implemented by Prime Minister Howard and Treasurer Costello between 2003 and 2005-07 as the only period of fiscal profligacy in Australia’s recent history (Mauro et al., 2013: 44). These tax cuts stimulated an already booming economy, such that the Reserve Bank of Australia (RBA) increased the cash rate to 6.75 per cent in 2007 in an effort to reduce inflationary pressures (RBA, 2007). The May 2007 Budget forecast a surplus of 1 per cent of GDP in the financial year 2007/08, increasing to 2.5 per cent of GDP over the forward estimates. This estimate was subsequently revised downwards to around 1 per cent of GDP in light of new expenditure and revenue—read tax cuts—announced in the lead up to the 2007 federal election (RBA, 2007). The Coalition lost this election to the ALP under the leadership of Kevin Rudd. The ALP, however, campaigned on a promise to implement the Coalition’s $31.5 billion tax cuts which were subsequently passed with bipartisan support to ‘reward effort, improve work incentives […] and enhance Australia’s international competitiveness’ (Commonwealth of Australia, 2007).

These measures were costed on the assumption that global growth would continue on trend at 4.75 per cent in 2008 (Costello & Minchin, 2007: 12). However, with the onset of the GFC, global growth fell to 1.5 per cent in 2008 and the global economy went into recession in 2009 with a negative growth rate of more than 2 per cent (World Bank, 2016). The slump in global commodity prices was immediate and severe and had a significant negative impact on federal tax receipts. Of the $57.1 billion dollar write-down in expected revenue over the forward estimates between the 2014-15 and 2015-16 federal budgets, around $20 billion was, as a consequence of the fall in global iron ore prices, due to the reduced tax paid by the mining companies and associated flow on effects to other businesses and income taxes (Commonwealth of Australia, 2015).

Government debt in and of itself is not detrimental to economic activity and, by OECD standards, Australia’s net federal debt has been relatively low (Parliamentary Budget Office, 2015). However, what is of concern in contemporary Australia is that a persistent fiscal deficit developed during a remarkably long period of uninterrupted economic expansion. This erosion of the fiscal capacity of the state during the height of the resources boom has been used to justify austerity and reduced spending on social
protection programs. Australia is now wealthier than at any time in its history: yet, according to conservative politicians, the provision of a basic social safety net has become less affordable as the government must ‘live within its means’ (Morrison, 2016).

Thus, rather than having rendered issues of class and inequality irrelevant to Australia’s political economy, as professed by some commentators and politicians (Hamilton 2006: 20-22; Shorten 2008: 329), the resources boom can more accurately be situated within a broader ‘organic movement’ of neoliberal restructuring. The resources boom masked this process whilst its more disciplinary tendencies were exacerbated. Throughout the period, household disposable incomes certainly rose for broad swathes of Australian society. Downes et al. (2014: 15) estimate that the resources boom increased real wages by 6 per cent and real per capita household income by 13 per cent over the decade to 2013. This, in combination with the high terms of trade and cheap credit and consumer goods, created a perception of shared prosperity. However, rising household disposable incomes throughout the period can largely be attributed to a combination of the aforementioned tax cuts and more people working—and working longer and harder in less secure employment. The labour force participation rate increased from 58 per cent in the early 1950s to 64.8 per cent in June 2016 (ABS, 2016b). The proportion of full-time workers working extended hours—defined as greater than 45 hours per week—increased from 22 per cent in 1984 to 32 per cent in 2010 (Rafferty & Yu, 2010: 46).

Capital’s share of national income increased throughout the resources boom, as real wages growth continued to lag behind productivity increases (Rafferty & Yu, 2010: 37). Between 1996 and 2008 the wages share of total factor income fell from 56 per cent to 52 per cent whilst, over the same period, the profits share of total factor income climbed from 24 per cent to 28 per cent (ABS, 2017). From the perspective of capital, of course, this is indicative of a well-functioning system. In a 2011 speech to the Melbourne Institute entitled “Australia’s mining boom: what’s the problem?” Gary Banks, speaking as Chairman of the Productivity Commission, noted that ‘wage outcomes’ had been ‘influenced for the better by the changed institutional settings since the early 1980s’, which had ensured that wage growth was ‘subdued overall’ (Banks, 2011: 3). While Australia’s economic growth during the 1990s and 2000s may appear ‘miraculous’ in comparison with other advanced economies,
greater historical perspective shows that the subdued growth and high unemployment that heralded the end of the post-war boom continued throughout the period. In the 1940s, 1950s and 1960s, GDP growth averaged 3.8, 4.2 and 5.3 per cent respectively (Treasury Department, 2001). In comparison, throughout the resources boom, Australia’s GDP grew at the 20th century average of 3.4 per cent per annum (Battellino, 2010; Treasury Department, 2001). Abstracted from changes in labour force participation, unemployment during the resources boom was significantly higher than at any time during the post war boom. An unemployment rate below 2 per cent of the workforce was not unusual until the 1970s: between the end of the Second World War and 1974 unemployment in Australia did not rise above 3.2 per cent (Treasury Department, 2001). Then, in 1974, it reached 4 per cent and has not been below that level at any time since (Beggs, 2015: 3). Unemployment fluctuated significantly above the twentieth-century average of 4.9 per cent for most of the resources boom (Kent, 2015) and has more recently been averaging 5.4 per cent, meaning that more than 700,000 Australians who are actively looking for work cannot find secure employment (ABS, 2018).

Aggregate growth and (un)employment figures give no indication of distributional outcomes, so it is also important to note that the fruits of the resources boom have been distributed extraordinarily inequitably. Of the income tax cuts cited above, 42 per cent of the benefits flowed to the top 10 per cent of income earners, who received more than the bottom 80 per cent combined (Grundoff, 2013: 1). During the period from 2004 to 2012, the wealth of the top 20 per cent increased by 28 per cent while the wealth of the bottom 20 per cent increased by a mere 3 per cent (ACOSS, 2015: 36). Individuals in the top two deciles of the wealth distribution are now likely to command 70 times the wealth of individuals in the bottom two deciles and the wealthiest ten per cent of Australians now have about half of all wealth (Sheil and Stilwell, 2019). The top 20 per cent of Australians receives five times the income of the bottom 20 per cent; and the richest 7 Australians hold more wealth than the 1.73 million Australians who make up the bottom two deciles (Richardson & Denniss, 2014: 2).

The skewedness of the distribution of wealth in Australia has historically been moderated by relatively high rates of home ownership and a compulsory superannuation system. However, increased disposable income for wealthier Australians, in conjunction with the halving of the capital gains tax, the effect of superannuation tax concessions and negative gearing, all happening during a period of historically low interest rates, has
concentrated residential property and superannuation holdings at the top of the wealth distribution. Australian house prices are now amongst the most expensive in the developed world (Bank for International Settlements, 2015), having increased threefold in real terms between 1985 and 2015 (Yates, 2016: 329). More importantly in terms of affordability, over the same period the median house price to income ratio increased by 78 per cent (Thomas, 2016: 85). The key beneficiaries of these developments have been the financial sector and older Australians with sufficient equity to buy investment properties. Between 1990 and 2005, total bank lending to households outstripped GDP and wages growth, increasing from 24 to 67 per cent of GDP, 85 per cent of which was comprised of residential mortgages (Commonwealth of Australia, 2005). Over the two decades to 2005, Australians’ average debt to income ratio tripled from $50 of debt for every $100 of income to $150 of debt for every $100 of income (Commonwealth of Australia, 2005). This has increased the precarity of Australian workers and contributed to labour intensification. Australians between the ages of 25 and 39 have had to work an average of almost an extra day a week in order to be able buy their first home, further pushing up house prices and increasing the wealth of existing homeowners (Richards, 2009).

Far from resolving issues of class and economic hardship, the Australian resources boom provided cover beneath which a regressive, class-based project was implemented in the interests of capital. To the extent that economic growth and its attendant wealth was engendered in aggregate, it was predicated on sustained unemployment, inequality, rising debt, work intensification, and the exploitation of an increasingly precarious workforce. Malcolm Turnbull’s 2015 statement that ‘there has never been a more exciting time to be Australian’ (Turnbull, 2015)—a seeming echo of John Howard’s 2005 statement that ‘working families have never been better off’ (cited in Lavelle, 2008: 296)—neglected the fact that, as of 2012, 13.9 per cent, or more than 2.5 million Australians, including more than 600,000 children, were living below the poverty line (ACOSS, 2014: 9). The first order of business for the first sitting of the Turnbull Coalition government, re-elected in July 2016, was an unsuccessful attempt to cut the NewStart Allowance for new recipients (Denniss, 2016). The disciplining effect that looming unemployment has on workers can only be effective if the ramifications of falling or opting out of the labour force are sufficiently dire.
Though the structural federal deficit can largely be attributed to reductions to the tax base made by then Prime Minister Howard and Treasurer Costello, the strategies employed by the later Coalition governments as the mining boom waned have been strikingly similar—reduced company tax rates, changes to the definition of what constitutes a small business, and income tax cuts for those earning more than $80,000 p.a (Morrison, 2016). The Coalition’s ‘national economic plan for jobs and growth’ (Commonwealth of Australia, 2016a) was forecast by the Parliamentary Budget Office to reduce federal revenue by $48.2 billion over 10 years (Gribbin & Conifer, 2016). The Coalition has claimed that the tax cuts are part of a strategy to ‘balance the Budget over time by keeping expenditure under control, while creating the conditions for a stronger economy that will allow revenue to grow’ (Commonwealth of Australia, 2016b: 2). Analysis of the effect of company tax cuts on the Australian economy, conducted by Dixon and Nassios (2016: 9), finds that the higher after tax return on capital will stimulate a modest increase in investment, generating a small increase in GDP of 0.1 to 0.4 per cent. However, according to their modelling, foreign remittances increase and Gross National Income (GNI) falls, resulting in ‘a loss in welfare […] estimated to be $1600 per capita.’ Any increase in GDP will take place well into the future while the fall in GNI is likely to be immediate and more significant.

The 2019-20 federal budget projects a modest surplus of 0.4 per cent of GDP, increasing to 1 per cent of GDP in the medium term (Commonwealth of Australia, 2019: 1—1-7). This projection assumes that the economy will grow by 2.75 per cent in 2019-20 and 2020-21, that government spending will fall below the 30-year average of 24.8 per cent of GDP to 24.6 per cent of GDP, and that Australian workers will see wage rises despite having historically little power to demand them. It does not factor in the very real risk of an economic downturn. Concurrently, negative gearing and the capital gains tax discount, in conjunction with historically low interest rates and a booming housing market, have contributed to levels of private debt in Australia being amongst the highest in the developed world at 125 per cent of GDP (Stevens, 2016)—more than four times that of gross public debt which is running at 27.9 per cent of GDP (Commonwealth of Australia, 2019: 3—1). Private debt poses systemic risk to the financial system and prevents ‘mortgage’ Keynesianism from being able to sustain aggregate demand into the future.

Although the deficit is a result of regressive alterations on the revenue side of the balance sheet during the height of the resources boom, deficit
reduction is being done on the expenditure side: tax receipts have been limited by the Coalition’s self-imposed ceiling of 23.9 per cent of GDP (Commonwealth of Australia, 2019: 1-9). After twenty-eight years of uninterrupted economic growth, the work of lowering the public’s collective expectations of what the state can and should provide is being done discursively through notions such as ‘fiscal discipline’, living ‘within the Commonwealth’s means’, and ‘budget repair’ (Commonwealth of Australia, 2018a: 1-1. This strategy forms the groundwork for the perpetuation of the politics of austerity. In the event of a recession, the recently re-elected Morrison Coalition government will be gifted further deficits with which to justify reductions to spending on services and the social safety net.

A war of position

Dow (2008: 143) discusses whether societies and polities can intervene in the public interest during times of crisis. The counterfactual is of no less significance. Are societies and polities capable of intervening in the wider public interest during periods of unusual prosperity? It would appear that the answer is ‘no’ in a capitalist system where ‘liberals and policy elites expend enormous effort in distorting knowledge of economic conditions and policy possibilities’ (Dow, 2008: 148). The abundance generated by the resources boom presented an opportunity for an expansion of the social democratic project in Australia. This revenue could have been used to build significant infrastructure, transition away from fossil fuels, fund public health and education, build public housing, or any number of progressive projects. How is it that this opportunity was used instead by the Coalition to embed and extend neoliberal hegemony in Australia’s political economy?

Antonio Gramsci (1971: 184) stressed that economic crises of themselves do not produce ‘fundamental historical events’, but, rather, ‘create a terrain more favourable to the dissemination of certain modes of thought, certain ways of posing and resolving questions involving the entire subsequent development of national life’. Further, that in historico-political analysis conjunctural phenomena—‘the set of circumstances which determine the market in a given phase, provided that they are conceived of as being in movement’—must be distinguished from relatively permanent “organic” movements (Gramsci, 1971: 177). This distinction, between ‘organic
“movements” […] and “conjunctural” or occasional ones, must be applied to all types of situation; not only to those in which a regressive development or an acute crisis takes place, but also to those in which there is a progressive development or one towards prosperity’ (Gramsci, 1971: 178). “Conjunctures”, within the limits of an historical bloc1, present both problems and opportunities for political forces; they can be used tactically to implement long-term strategies (Carley, 2016: 49). Applying this reasoning in the Australian case, we can say that: (1) the ALP sought to resolve the economic crises and attendant class conflict of the 1970s and 1980s through a corporatist project centered on the Accords; and (2) the ramifications of this strategy in the context of the ensuing resources boom gifted the Coalition conditions which allowed it to pursue its agenda via different means.

With the exception of the introduction of the goods and services tax in 2000, the structural reorganisation of Australia’s economy was largely finished by the time the Coalition formed government in 1996. A new ‘normal’ functioning of the economy ensued. Decades of economic turmoil, conflict and conspicuous restructuring gave way to one of the longest uninterrupted periods of economic expansion in the nation’s history. The perception of shared prosperity generated by the resources boom created a ‘peacetime’ during which the Coalition could deny the existence of class while pursuing a hegemonic project in the interests of capital. Following Gramsci (1971: 243), it may be said that a war of movement developed into a war of position:

The same thing happens in the art of politics as happens in military art: war of movement increasingly becomes war of position, and it can be said that a State will win a war in so far as it prepares for it minutely and technically in peacetime. The massive structures of the modern democracies, both as State organisations, and as complexes of associations in civil society, constitute for the art of politics as it were the “trenches” and the permanent fortifications of the front in the war of position: they render merely “partial” the element of movement which before used to be “the whole” of war, etc.

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1 An historical bloc, as Stephen Gill (2003: 58) succinctly puts it,

‘refers to an historical congruence between material forces, institutions and ideologies, or broadly, an alliance of different class forces politically organized around a set of hegemonic ideas that give strategic direction and coherence to its constitutive elements’.
Gramsci’s conception of hegemony is particularly useful for investigating the interaction of the political, ideological and material in modern capitalist societies, where governments rely on both the continuing operation of the economy and the sentiment of the electorate for their survival. It pays due attention to battles being ‘won and lost on the terrain of ideology’ and helps to shed light on the interaction of ‘objective economic and social conditions and politics’ (Davidson, 2005: 4). Gramsci (1971: 244) conceptualised the state as being ‘the entire complex of practical and theoretical activities with which the ruling class not only justifies its dominance, but manages to win the active consent of those over whom it rules’. To this end, the wealth effects of the resources boom allowed for the effective deployment of a pernicious cultural and ideological politics which altered and limited the terrain on which ideas can be argued and given effect. Throughout its time in office between 1996 and 2007, the Howard Coalition government actively muted class consciousness in Australia by rejecting the antagonistic nature of class as a social relation, (re)defining it ‘in terms of the characteristics of individuals, not social relationships and certainly not capitalist exploitation’ (Kuhn, 2005: 1). Australian capitalism was actively portrayed as facilitating a broadening middle class of aspirant individuals and their families to battle their way upwards having been given a ‘fair go.’

Political economist James O’Connor was similarly concerned with this dual function of the capitalist state; accumulation and legitimisation (1973: 6). However, O’Connor’s focus, writing in the context of the US in the early 1970s, was the capitalist state’s need to integrate ‘all elements of the population into a coherent system, win mass loyalty, and legitimate itself and society’, with a particular focus on ‘monopoly sector organized labour’ which had to be ‘gradually taught to adopt responsible attitudes and behavior toward monopoly capital and capitalist society’. For O’Connor, this could be achieved through the ‘regular cooperation between the leaders of organized labor, the corporations, and the state to head off mass social movements, transform collective bargaining into an instrument of corporate planning, strive for a high level of employment and wages commensurate with productivity advances, and maintain labor’s reproductive powers, with regard not only to the level of private consumption but also to social consumption (social insurance, health, housing etc.)’ (1973: 69). As noted above, in Australia this project was adroitly carried out by the ALP under Hawke and Keating via the Accord
process. Gramsci’s conception of hegemony is more sensitive to the deployment of ‘certain modes of thought’ and ‘ways of posing and resolving questions’ (1971: 178) in strategic situations. This makes it more useful for analysing Australia’s post-Accord period than O’Connor’s concern with how the state might wield its institutions as instruments to achieve certain goals or objectives.

Throughout the resources boom, increasing disposable household income, cheap credit, and tax cuts, in conjunction with the effective deployment of nationalist discourse, helped to channel the ‘old contempt for rent-seeking capitalists’ into contempt for ‘rent-seeking welfare recipients’ (Bryan and Rafferty, 1999: 112). Mining companies and property developers were actively portrayed as the ‘lifters’ in the economy, while those displaced by the economic tides of the 1990s and 2000s—the young, the unemployed, the sick, the elderly, and even young mothers who have been accused of ‘double dipping’ on maternity payments—depicted as the ‘leaners.’ This has relied on a Panglossian narrative conceiving of the existing system as the best of all possible worlds, a world where a sitting Prime Minister can, straight-faced, declare that ‘coal is good for humanity’ (ABC, 2014). From this viewpoint, TNCs operating within Australia provide the backbone of a successful and resilient national economy in competition with other national economies. Failings are individual failings unattributable to the system. As John Howard (1999) explicitly stated:

> It needs to be reaffirmed as a cornerstone of the Australian existence, that every man and woman succeeds or fails in this nation according to their personal dedication or their personal worth. Irrespective of the privilege or otherwise of their birth, and irrespective of their racial origin.

The Coalition never openly professed to be governing in the interests of capital. That is precluded by electoral considerations: modern democratic parties must profess to govern in the interests of all Australians. The Coalition’s 1996 campaign slogan ‘For All of Us’ was repeated in mantra-like fashion in television advertisements, replete with uplifting key changes and images of an array of sections of Australian society living comfortable middle class lives (Brett, 2005: 29). Yet this does not preclude the class character of the project, as Jessop (1990, 217-18) points out:

> The class character of a hegemonic project does not depend on the a priori class belonging of its elements or any self-professed class identity of its proponents. It depends instead on the effects of pursuing that project in a definite conjuncture. In many cases a bourgeois
hegemonic project involves denying class antagonisms (and sometimes even the existence of classes) and/or emphasizing the pursuit of non-economic or non-class objectives.

Throughout its time in office, the Coalition sought to actively deny class consciousness by dismissing ‘affiliations to social groups and identities larger than the family and smaller than the nation’ be they class, ethnicity, religion, gender or race (Brett, 2005: 35). Howard (1997) repeatedly put forth his ideal that to be ‘Australian’ was to embody ‘notions of decency and pragmatism in a classless society which lives up to its creed of practical mateship.’ The counterfactual: class belonging, struggle, declining to ascribe to an implicitly individual, white and male creed of ‘mateship,’ is to be thereby ‘un-Australian.’ The language actively maligned political activism and collective insurrection.

After forming government in 1996, the Coalition attacked the labour movement by abandoning the Accords and attempting to remove the unions from industrial relations processes altogether (Quiggin, 1998: 89). These legal strategies were accompanied by a political strategy made explicit in Howard’s 1995 ‘Headland’ speech:

> Under us, the views of all particular interests will be assessed against the national interest and the sentiments of mainstream Australia. For the past 12 years Labor has governed essentially by proxy through interest groups. Identification with a powerful interest group has been seen as the vehicle through which government largesse is delivered.

Speaking against ‘interest groups’—in this context, organised labour—gave voice to a nationalism that precluded the existence of groups with competing claims on scarce resources. This rhetoric sought to reject capital’s antagonistic nature, suggesting that if there is sufficient economic growth everyone must benefit. This was aimed at buttressing assertions that expanding the social wage for workers via publically funded health and education was largesse for ‘interest groups’, yet tax cuts for capital and the very wealthy was universally advantageous. As discussed above, this was far from being the case.

The linguistic deployment of values and cultural symbols was also instrumental in dissolving class consciousness and societal ambitions to achieve greater equality. This was evidenced in Howard’s 1997 Australia day speech, in which he proclaimed that he had:

> long held the belief that those things that we hold dear as Australians, those myths if you like, those legends about Australia, are those that essentially have come in two ways. They have come out of great
traumatic events such as the events of the 25th of April 1915 in the Dardanelles on the beaches of Gallipoli and there are those other things that through long usage and custom and a feeling that suits the temperament of the Australian people we have come to love and hold dear. And I think of our tradition of informal mateship and egalitarianism. And I think it is very important when we think of our identity we remember that essentially it grows out of the spirit of the people and it is never something that can be imposed.

These rhetorical devices were not new: both major political parties have historically employed the language of egalitarianism to achieve their respective political ends. What is new here is the use of this language alongside rising inequality and the ‘fading conviction that such injustice should be remedied’ (Dyrenfurth, 2007: 224). Labor once ‘spoke about inequality and its practical redress in the language of egalitarianism, most often linked to national identity, as constituting ordinary, working-class experience’ (Dyrenfurth, 2007: 214). Howard deftly co-opted this language from the left and emptied it of its class-meaning. In doing so he found a way to speak to what was once the blue-collar electoral base of the ALP in familiar language, only now in individualistic, aspirational terms. Howard’s repeated use of ANZAC mythology proved an effective cultural stalking horse for neoliberal ideology. Fixing national identity on the beaches of a century-distant war targeted the fears of a generation of older Australians feeling increasingly threatened by globalisation and rapid social change. This rhetoric was also aimed at younger Australians: its homogenising effect in a context of conspicuous ANZAC and Australia day celebrations folded class divides into a deceptive sense of social cohesion. Calling attention to the persistence of class and inequality against a backdrop of nationalist sentiment would thereby appear increasingly ‘mean minded and marginal’ (Brett, 2005: 38), and hence easily construed as the ‘politics of envy.’

While appearing on the surface to be mere populist political strategy of no material significance, portraying battlers as threatened individuals with no collective ambition or identity other than the ‘individually conceived desire to be financially independent or to get ahead’ (Dyrenfurth, 2007: 216-17) has been instrumental in reducing societal ambitions to alleviate poverty and inequality. Individuating interests precludes collective struggle by encouraging people to view themselves as in competition with one another. ‘Getting ahead’ involves working longer and harder, and accepting less secure conditions of employment. While recent election
results point to people still feeling that they have a right to health and education, they have been increasingly encouraged to access premium services by improving their own material conditions within the existing system. Working collectively to change that system, unionising to gain better market outcomes, or campaigning for adequate taxation on capital and the extremely wealthy to better fund the public system have been thereby eroded from political consciousness.

This has been disastrous for the efficacy of counter-hegemonic discourse and has weakened the ability of progressives to realise an alternative to neoliberalism. Disaggregating the working class into aspirational individuals has had real consequences for struggle. Tim Winton (2013) writing for The Monthly put it thus:

Citizens in contemporary Australia are now implicitly divided into those who bother and those who don’t. It seems poverty and wealth can no longer be attributed—even in part—to social origins; they are apparently manifestations of character. In the space of two decades, with the gap between rich and poor growing wider, Australians have been trained to remain uncharacteristically silent about the origins of social disparity.

The ‘training’ that Winton is referring to here has occurred in no small part through the customary and repeated use of language. As Verity Burgmann (2005: 15) points out, language is crucial to the ‘formation of political and social identities.’ It is for this reason that the ideas put forth by the labour movement have not so much been ‘an effect of the decline of class consciousness, but one of its principal causes’ (Burgmann, 2005: 20).

Equality and class all but disappeared from the language of the mainstream Left and the rhetoric of the ALP came to be all but indistinguishable from that of their political opponents. In 2008, Bill Shorten, having only recently left the union movement to join parliament, declared that the:

Old class war conflicts should finally be pronounced dead. The real conflict today, I suggest, cuts across the old divides. It is reflected within business, unions, the community and politics. The real conflict is between those who are stuck in a business-as-usual routine and those that pursue innovation, knowledge and creativity.

In 2004 then-opposition leader Mark Latham (cited in Simons, 2004: 13) stated:

I believe in ambition and inspiration. I believe in the powerful combination of hard work, good family and the civilising role of government services. I say that economic aspiration is good and social
mobility is even better—all Australians climbing the ladder of opportunity.

The ladder metaphor, borrowed from the political right, is ‘fundamentally at odds with the earlier labour movement’s emphasis on the common betterment of the working class’ (Burgmann, 2005: 23). It exhibits a faith in capitalism to perpetually raise the quality of life of all and neglects the system’s inherent tendency to increase rates of exploitation. The significance of the words of Shorten and Latham become evident when directly juxtaposed with the words of their political predecessor, Gough Whitlam (1975):

On this side we believe there is one clear goal that this national Parliament should set for itself, which should define and motivate each specific action we take. It is the goal of equality. The true quality of our national life will be principally determined by the way in which and the rate at which we advance towards true equality. It is this that gives meaning to our possession of prosperity.

The ALP is now committed to tackling ‘inequality and disadvantage.’ However, this language, framed in the negative, presents a stark contrast to the pursuit of ‘true’ and positive equality articulated above by Whitlam. In his 2016 Budget reply speech Shorten spoke of aspiring to ‘equal opportunity,’ yet in context this ideal only served to draw the focus of the debate away from the class-based inequalities of the system, the architects of which have been, at least in part, the ALP.

The electoral success of the Coalition under Howard was partly attributable to his speaking to a ‘comfortable and relaxed’ middle Australia (Brett, 2005: 30). This narrative was bolstered by immediate material conditions and well received by an electorate fatigued and anxious from decades of globalisation and economic change. It was in this context that Clive Hamilton (2006: 2) proclaimed that ‘the dominant characteristic of Australia is not deprivation but abundance,’ and, therefore, that the world had been transformed in ways that rendered the ideas of the traditional left ‘impotent and irrelevant.’ A call to all-out class war would certainly not be politically effective in contemporary Australia, yet this slide toward post-materialist politics has left the ALP bereft of a consistent vocabulary with which to engage the legacy of decades of neoliberal restructuring, making it difficult to speak cogently to the growing income disparities faced by Australian workers. The word class is mainly used with reference to ‘middle-class families’ (Shorten, 2016), inherently depoliticised and discrete aspirant units. Shorten (2015) called for a ‘fair and economically
responsible increase to the national minimum wage’ but on the proviso that
‘the Fair Work Commission takes into consideration the effect of the
economy, employment and the effect on individuals.’ The order of
priorities here is telling. The ALP will discuss preserving penalty rates and
raising the minimum wage but is silent on the wider question of the labour
share of national income. This is a defensive position at best and poses real
problems for progressive politics and movements for social justice.

Working life in Australia has been made harder, more precarious and less
equitably remunerated. Between 1983 and 1996, the ALP convinced the
labour movement to sacrifice the ‘hard-won gains of previous generations
of workers to improve the profitability of Australian industries’ and to be
content with their ‘lot’, having been overpaid and having enjoyed too
much power in the workplace for too long (Burgmann, 2005: 19). This
created an opportunity for the Coalition under Prime Minister Howard to
use the ensuing resources boom to consolidate neoliberalism ‘minutely
and technically,’ via fiscal, cultural and ideological means.

Having conceded to neoliberalism for more than three decades, the ALP
mounted a more redistributively ambitious campaign leading up to the
2019 election. Its attempt to redress key policies of the Howard years—
most notably the capital gains tax discount, negative gearing and franking
credits—revealed, however, just how intractable these measures have
become. It would appear that the ALP remains encumbered by its past,
with workers showing little faith in the ALP to lift their wages, instead
preferring to bet on appreciating asset prices to improve their material
conditions. Dow (2005: 33), writing more than a decade earlier, pointed
out that Labor’s unpopularity can be attributed to its ‘intellectual timidity’.
A retreat towards mere discursive notions of ‘aspiration’ and a ‘fair go’ in
the context of an unfair economy will not enable the ALP to build and
mobilise a working-class base. Its challenge is to repoliticise issues of class
and inequality.

*Martin Duck is a PhD candidate at the University of Sydney, Department
of Political Economy.*

mduc7678@uni.sydney.edu.au
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