



CEDA

COMMITTEE FOR ECONOMIC DEVELOPMENT OF AUSTRALIA

CEDA ECONOMIC AND POLITICAL OVERVIEW

Background Paper

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POLITICAL OVERVIEW

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The Executive Summary in the 1990 White Paper included the following conclusions:

political events in the 1990s will be substantially shaped by which party wins the next Federal election... a rare window of opportunity exists to make some 'hard decisions'...

Some "hard decisions" were canvassed and discussed; some political leaders actually looked through the "window of opportunity", and politics did play a major role - whether the "right sort" is a matter for debate.

RETROSPECT 1990

The year offered a real opportunity to start the process of re-assessing the political and economic environment. Mr Hawke called the federal election for 24 March; once that was decided, the only electoral confrontation which could take the minds of our political leaders away from the "real questions" facing Australia was the potential for an early election in the Northern Territory, and that would hardly affect the national political scene.

Elections

The federal election was similar to 1987, another example of a Liberal/Coalition self-inflicted wound. It was a contest that the coalition should have won: high interest rates, real cuts in wages and salaries for the average workers; constant bad news from economic indices; WA Inc and Victorian Labor in very bad odour - this situation should have been used to advantage by an opposition which should have been united, organised, with clear alternative policies to offer, with a promise to revitalise the nation, the economy, and politics itself. But the opposition in March 1990 offered none of these. Still disrupted by the backwash of leadership changes; after seven years, unable to come up with any health policy, let alone a credible one; generally still attempting to attract voters with vague promises of better times without clear and detailed policies to back them up; still believing that "governments lose", but unwilling or unable to offer an attractive alternative.

Summing up the campaign, Paul Kelly (*Weekend Australian* 17-18 March 1990) felt that "the public would only re-elect Hawke through clenched teeth". The voters also summed-up and over two million Australians, more than a fifth of those who voted, declared they

wanted neither Labor nor the Coalition to govern them. Labor won government with 39 per cent of the first preference votes, the Liberal party was virtually unchanged from its 1987 result with 35 per cent, the National party lost over one third of its 1987 support and scored a meagre 8 per cent. The big winners were the Democrats who doubled their 1987 support, and a plethora of green parties and independents. The message could not have been more clear: the three entrenched parties were reduced almost to their core of committed voters, those who would vote for Labor/Liberal/National regardless. The less committed swung heavily away from Labor and National, but they did not swing to Liberal. These trends reinforced the message: Labour and the Nationals were on the nose, but so was the Liberal party.

The Northern Territory went to the polls on 27 October and confounded the pundits. The unique Country Liberal party went into the election with a long list of problems - with its public service, with Canberra, over the NT economy, with the Trade Development Zone, and within itself. But it was returned to office with an increased majority, and wiped out the National party in the process. Further, in a reversal of the pattern elsewhere in Australia, the ALP now dominates the urban areas, and Labor holds all rural/outback seats due, in part, to strong support amongst Aboriginal electors. Of course, the NT's politics are idiosyncratic - one should not attempt to extrapolate, nor will Canberra take much note of what happened.

1990 was characterised by unprecedented leadership change. Federally, the Liberal party ousted the already recycled Andrew Peacock and elected the Hewson-Reith team. The voters of Richmond forced the National party to seek a new leader, and Mr Fischer immediately announced that he intended to take his party "back to the bush". In Western Australia, the Labor party replaced Dowding with Carmen Lawrence, Australia's first-ever female premier, in the hope that her image would finally put WA Inc to rest. The federal election in the west suggested partial success. In Victoria, John Cain went and Joan Kirner was elevated by her Socialist Left faction to lead the party. Her immediate policies seemed to suggest that factional ideology was not her prime determinant. The Democrats lost Janine Haines in the 1990 election, and chose Janet Powell as the new leader.

1990 was also characterised by unprecedented events in Tasmania. Usually, what happens in Tasmanian politics is of little import in the "north island", but the implication may be more far-reaching this time. The unique experiment (for Australia) of a very minority Labor party allowed to govern through an accord with a group of Green Independents broke down over an issue of national estate forest logging. This situation could lead to an early election in 1991, but it has important implications in other states. While Greens are unlikely to win seats, let alone balances of power in the lower houses on the mainland - a prediction based on the absolute refusal of Liberal and Labor to consider the introduction of a Hare-Clark electoral system - they are very likely to win seats, and balances of power, in some Legislative Councils. A repeat of the level of Green support shown in the 1990 federal election in the PR-based Councils in New South Wales, South Australia and Western Australia would see Greens elected. And, as the Tasmanian experience in 1990

organised, consensus-based party. Prime-Ministerial carpetings occurred too often, and factional and personality divisions were revealed publicly.

Within the Labor caucus there were some notable, and important developments. The caucus election for the new Hawke ministry saw a shakeout. Peter Walsh was translated to the back bench where he was no longer constrained by Cabinet solidarity, and he became the government's most persistent and insistent critic. Barry Jones found himself squeezed by the faction system and also lost his ministerial place - an interesting development in a party whose leader says that he is committed to a "clever country". Factions themselves came under increasing criticism from within the caucus. There is no doubt that the mechanism which developed early in the life of the party to attempt to keep together disparate ideological groups has become too disciplined and too confrontational. More members are remaining independent of factions, despite the damage this does to their personal careers in the party, and 1991 will certainly bring the need to ask whether the party as a whole has to assert its authority over its often warring components.

The issue of a leadership transfer continued to be raised in the media, despite every attempt by the various contenders to deny that it was in the offing. "When will Bob Hawke go" has become a standard headline when news is slow. It needs to be noted, however, that Paul Keating has been attempting to "popularise" his image, and that Kim Beazley has steadily risen up the list of potential leaders.

But the Labor party faces a more serious problem in 1991 - the potential breakdown of consensus inside the party. The Hawke leadership in 1983 learnt well from the Whitlam years when the party, the caucus, and the cabinet was riven by deep and bitter factional warfare. Supported by something Whitlam was unable to achieve, long term electoral success, the intra-party consensus was maintained - even by the left which, when (inevitably) defeated, generally fulminated in private. But this image of peace and unity became tested in 1990, and could well be further eroded. Labor's successes over its history can be correlated with the extent to which it was able to manage its factions. The tensions between Left, Centre Left and Right, and even within factions, could erupt in 1991.

The federal Liberal party, beset by internal leadership instability, ideological factionalism, and policy impotence in the late 1980s, went for very new blood in the election of John Hewson as leader. In one sense, this was evidence that the caucus, or at least a majority, had finally decided between wet, damp, and dry ideology and policy. In another sense, it was a change in style. And a successful change, according to the public opinion polls: John Hewson brought his party, and his own standing, to a point where the Liberal party was the clear choice of a majority of voters, and its leader was a winning contender for favoured prime minister. This prompted Labor to focus on the Liberal leader - clear evidence of concern that the Liberal party may have found a winner. Dr Hewson was, in his own admission, a rather unwilling draftee. During the 1990 campaign, he asserted that he did not want, would not seek, and would not take the job even if he was drafted by the party.

along, point to the silliness of attempting to retain a fragmented party. The party needs to bite the bullet and incorporate the power of the federal executive to intervene in state divisions to pull them into line. But there is the Catch-22: decisions at a federal level are made on votes from the states' delegates. The view of Lindsay Olney (*Advertiser*, 27 October) is accurate:

At the top end the Liberal Party has some very good people indeed ... But underneath the top parliamentary and administrative layers there is a chilling bareness, an arid intellectual desert largely devoid of ideas and creativity.

This is Dr Hewson's main problem, and what Nick Greiner is urgently trying to change.

FEDERALISM

The processes of federalism came and went in traditional style at the June annual Premiers' Conference. The annual theatre produced the usual and, in the current economic climate, the expected result: the Premiers returned home predicting doom, gloom and either higher taxes and charges, or reduced services. The subsequent state budgets actually included both. The Hawke-Keating, and especially Keating line, stood firm - the "profligate" states had to start exercising the constraint and self-discipline the Commonwealth claimed for itself. The States had a traditional response: if they had a naturally-growing tax base as does Canberra, then their balance sheets would also be in the black. But the federal government could respond to the states were offered a second-bite income tax power by the Fraser government in 1976, and no-one took it up.

Beyond the conference rhetoric over cash, there was one theme, introduced by Mr Hawke, which should become the political issue in 1991 - the reform and restructuring of federalism. No-one, except the reactionary federalists and states-righters, disagrees with the proposition that Australia's federal structures and processes are working at minimal efficiency and effectiveness. Both political parties have run into recent trouble: the Labor party over uniform Aboriginal Land Rights; the Liberal party over the environment. All parties, with the possible exception of the National party, agree that something has to be done about duplication and triplication, buck-passing, over-government through three levels of government and nine bureaucracies; nine sets of different and often conflicting laws; power struggles between levels of government; and a plethora of regulations and laws which frustrate everyone and everything. Mr Hawke was absolutely correct to propose to the Premiers' Conference that he was committed to reform. He did not use the term, but the distinct impression was another go at new federalism.

Will it succeed? History says "no". The recent record suggests there are daunting problems facing any such aim. The Whitlam government attempted to re-structure and re-process federalism. It failed completely, due in no small part to resistance from state Labor governments. Malcolm Fraser had a vision of new federalism. It hardly got off the

many premiers who have enjoyed the support of craven State-oriented media organs.

The Liberal party in the past was an expert in this model. Mr Greiner's impassioned plea has to have an effect if any real reform is to occur.

ELECTIONS AND VOTERS

For the first time since 1942, this year offers the possibility of no elections anywhere in federal or state politics. Of course, it is always on the cards that a prime minister or premier could seek to take advantage of the state of the opposition to call an early election. But there is the promise of none. And this is crucial for the political processes. Without the necessity to face the voters, all political leaders and parties have the opportunity finally to do what almost everyone has called for - to "make the hard decisions".

It will also give them the opportunity to consider recent trends in the electorate. The trends in the 1990 election have already been noted. The intervention by minor parties and single-issue groups - Democrats, Greens, Greys, Christians, independents - is nothing new; the level of support given to them in 1990 is. There was an unprecedented erosion of two-party support, and evidence of two related trends: increasing volatility and an increasing unwillingness among the volatile simply to transfer between Labor, Liberal and National. Labor's organisers realised this, and attempted, with some success, to capture the second (or final) preferences of the rebels. Liberal machine boss Eggleston noted a "strange sullenness" among the voters. Most of the media also recognised the trend, and most took the line of the Sunday Mail in Adelaide:

It must be very tempting to give both major political parties a sock in the eye by electing a third force to create merry hell ... But, beware the siren's song.

Such comments implied that the erosion was *caused* by the minor parties, and that it was a very bad thing.

But was it? There is another possible explanation. It may be that the increasing levels of political information, political awareness, even political sophistication in the electorate caused more people to have a close look at traditional party loyalties and wonder whether the traditional is still the way to go. And what did come first - the issue, or the minor parties? Polls before the election showed that at least one third of the sample considered that "environment" was more important than "economy". Did the Greens and Democrats *cause* this, or as issues in and around the environment emerged and became more potent did the parties emerge on the tidal wave?

that applies and enforces compulsion at all electoral levels. Are we leading the democratic world? Third, it can be argued that compulsory attendance is a major cause of the apathy that seems to be endemic in Australia. Where there is no need for political parties to try to convince us that there is something important going on, to convince us to take an interest in the candidates, the issues, and the implications, then the question can be asked: does compulsory voting actually produce apathy, and produce a situation where the choice of who governs is dictated by those with the least interest and least information? Voluntary attendance and optional preferences would increase the range of choice available to the voters, and isn't that what election systems should offer?

On the other side, what arguments do the proponents of compulsory voting have? They argue that voting is a democratic obligation, and that compelling people to turn out is not really much of a constraint. They argue that without compulsory attendance, turnout could fall to a level where the very legitimacy of parliament and government could come under question. There are two responses to this. First, Canada, New Zealand and Britain can produce turnouts of 75 percent plus - why shouldn't Australia? And, second, if voters are not sufficiently enthused to turn out, who is really at fault? Perhaps low turnout would impel the parties to have a close look at themselves.

In fact, Labor, Democrat and National are firmly committed to compulsory voting for one common reason - party self-interest. Labor has always been concerned that its entrenched supporters would be the ones likely to stay away if given the choice; compulsory voting accords with Labor's ethos of democratic centralism. The Liberal party is a very recent convert - its commitment to compulsion always sat rather oddly with a party professing liberal principles of individualism and choice. The Nationals pro-compulsion stand is simply explained - its coalition potential, its ability to extract perks and ministries from the Liberal party, depend on a stable electoral support. Oddly, the Australian Democrats also support compulsory attendance, and for the same "principle" of party self-interest. Mr Greiner's call for reconsideration of compulsion merits support - but I doubt whether he will find much of it across the party system, regardless of what the voters want, or whether it is part of a democratic electoral system, a discussion about it would not hurt anyone.

It is simple to list potential reasons for the growing cynicism: Labor's reign over a declining economy; the Liberal's inability to produce a credible alternative; the collapse of the National party's power base in Queensland - these are sufficient to explain volatility. But voters have also been swamped with evidence of shortcomings in what can only be called probity in politics. In Queensland, the backwash of the Fitzgerald Commission is still making headlines. In November, the Field government in Tasmania established a Royal Commission into the bribery affair. Carmen Lawrence in Western Australia has inaugurated another Royal Commission into WA Inc. In New South Wales, ICAC continues its investigations. There is much yet to be discovered in Victoria, and South Australia has not been immune from allegations.

These events have impelled the growing view amongst an increasing number of voters that there is something radically wrong with politics in Australia. And this is what must be addressed. In the immediate term, the economy, the reform of federalism, micro-economic reform, all need attention. But these may well depend on a broader issue of the governability of the nation. A system of representative democracy depends, as its base, on legitimacy of the structures and processes, of government and opposition, of politics itself. And legitimacy rests on the acceptance by the voters that those who are in authority, especially those who are elected to authority, are exercising that authority in a "fit and proper" manner. That, above all else, is the challenge of the nineties.