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Labor under Mark Latham: ‘New Politics’, Old Dilemmas

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Mark Latham’s ascension to the leadership of the federal Australian Labor Party in December 2003 had a significant impact on the Australian political scene.\textsuperscript{1} His bold statements on troop withdrawals from Iraq, and his policy victories over the Government on issues such as politicians’ superannuation, gave rise to suggestions that the party would be moving in a radically different direction under Latham’s leadership.

This paper looks at the reality of the direction of the Latham-led ALP in the early part of his leadership. It assesses Latham’s ‘new politics’ and his proposals to reform the ‘plastic’ and ‘contrived’ nature of modern politics. While these proposals if implemented would make insignificant difference to the conduct of politics in Australia, they are best seen as part of a populist political strategy developed as an alternative to the ‘small-target’ strategy of former leader Kim Beazley.

The roots of the latter lay in the absence of disagreement between the major parties on fundamental political questions, such as free market economics and globalisation. Lacking an alternative political program, Beazley relied on electoral discontent with the Government to win the election. One way in which Latham has tried to deal with the strategic problem of how to differentiate Labor from the Coalition in the wake of the post-Cold War consensus has been through his populist style. Whereas Crean formally abandoned the ‘small-target strategy’ but failed to put anything in its place, Latham’s

\textsuperscript{1} The author thanks Haig Patapan for helpful comments and suggestions.
replacement of the ‘small-target strategy’ with populism is aimed at tapping into the widespread discontent among voters towards politicians.

Yet, the viability of this populist strategy in the long-term is undermined not just by the fact that governing ‘for the people’ is impossible in a society divided along class and other lines, but also by a number of traditional social democratic dilemmas Labor confronts. The issue of how much it can deliver to its more disadvantaged constituents without alienating business groups has been a perennial thorn in the side of Labor in government, and all the evidence suggests that this dilemma will be even more sharply posed under a Latham administration. Another old dilemma for Labor is the question as to how much its program will defer to economic conditions, which in recent years have not been conducive to expansionist or redistributive policies. A new twist to these old dilemmas is added by globalisation, which according to Labor thought has made state intervention much less viable.

These old dilemmas militate sharply against Latham delivering on his plans to reform politics. The irony is that if Latham fails to deliver, as is likely, it will only increase cynicism about parliamentary politics.

**Labor under Latham**

Following Simon Crean’s resignation as federal ALP leader in November 2003, Mark Latham was the surprise victor in the leadership ballot between himself and Kim
Beazley on 2 December by a margin of 47 to 45 votes. To properly gauge the direction in which Latham is taking the party it is necessary first to look at Latham’s politics, and then at his political strategy as leader.

*Latham’s Politics*

In his speeches and writings over the years, Latham has urged Labor to embrace more fully market economics (e.g. 1990, 15, 16). In his maiden House of Representatives speech in 1994, he argued for an acceleration of ‘micro-reform and competition policy throughout the national economy’, and for the winding back of ‘overinvestment on other economic programs’. Latham could see ‘no way back to the subsidies, regulation and sheltered markets of old Australia. The only meaningful debate is about the pace of reform, not its direction’ (House of Representatives Hansard (HRH), 22 February 1994, 1005, 1006).

More recently in his federal political career, Latham has aggressively promoted the Third Way as an alternative to both the laissez-faire capitalism of Margaret Thatcher in Britain and the bureaucratic state capitalism of the former Soviet Union and, to a lesser extent, Western Europe (1998a, xix). The Third Way assumed the obsolescence of the labour-capital divide, and celebrated the arrival of an ‘information age’. It borrowed heavily from the practice of Tony Blair’s New Labour and Bill Clinton’s Democrats with

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an emphasis on ‘mutual obligation’ in welfare policy and education (Latham 1998a, xix, xxx, xxxi).

A Third Way of one version or another has been advocated by all manner of movements and politicians, including French fascists (Callinicos 2001, 4), and it is difficult to see how Latham’s version differed from Labor policies under Hawke and Keating. This more recent variant associated with Blair and Clinton can be viewed as an ‘ideological shell of neo-liberalism’ because of the primacy it ascribes to markets (Anderson, cited in Callinicos 2001, 8). Notably, the Old Left incurs far more criticism from Latham than does the New Right (Clark 2003, 72). While it is sometimes suggested that the difference between neo-liberalism and the Third Way lies in the latter’s more positive approach to government intervention (Loughlin 2004, 21), this overlooks the fact that both major parties in Australia accept some role for government in a predominantly market-based economy (see Abbott 2000, 30).

Latham’s own statements, on the other hand, suggest that he has little time for state intervention. He once called upon the state to ‘get out of the habit of telling people what to do, of always trying to plan and control society’s direction, and allow more of society’s answers to arise from community or civic life’ (HRH, 27 October 1997, 9852). In his Budget Reply Speech in 2004, Latham affirmed Labor’s belief ‘in limiting the size of government. Too much spending, too much bureaucracy is bad for the Australian economy’ (Latham 2004a). Latham promised during his address to the 2004 ALP National Conference not to invest in the public sector in ‘the old way’ because government did not have ‘a monopoly on solutions in our society’ (2004b).
In keeping with his neo-liberal persuasion, Latham is a globaphile. He once credited free trade with engineering ‘the greatest poverty reduction program in the history of humankind’ (2000, 29). While he has more recently been critical of the Australia-US Free Trade Agreement (FTA) (Lewis, Wallace & Eccleston 2004, 1), he chose in the end to support the FTA provided that the Howard Government agreed to amendments to the legislation aimed at protecting the Pharmaceutical Benefits Scheme and local content on free-to-air television, pay television and radio (Latham and Conroy 2004a; 2004b). Despite these amendments, the deal is likely to have major unforeseen consequences in the future, making it much more difficult for Australian policy-makers to reject neo-liberal policies and take decisions that threaten corporate interests (Mathews, Thurbon and Weiss 2004, 8).

On the whole, Latham views ‘globalisation as an opportunity rather than a threat’ (2003a, 35). Earlier he had suggested that ‘globalisation [put] too much economic power…in the hands of big global companies’, which needed to be counteracted with the dispersal of power to communities and regions (ABC 2002a). However, this was not an anti-globalisation stance, for Latham proceeded to describe his as a ‘pro-market’ rather than a ‘pro-business’ position, and he assured business that it had ‘nothing to be scared of’ from a Labor government (ABC 2002a). This reflected Latham’s vision of a capitalism relatively free of abuses of market power by monopolies, and which ensures a more competitive business environment. His maiden speech eight years earlier had put the case for ‘strong anti-trust laws’ to ‘prevent horizontal mergers and market

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3 Neo-liberalism and globalisation are not co-terminous, but globalisation has been made possible by the neo-liberal policies of deregulation and free trade (Weeks 2001, 281).
collusion’ and to break up the entrenched interests of professions (HRH, 22 February 1994, 1007). Like most Labor MPs, Latham generally sees globalisation as potentially beneficial to the majority; provided, of course, that Labor is elected to federal government (2003a, 43-47).

Latham’s politics overall are more akin to those of a liberal democrat than a social democrat. He treats trade unions, for instance, largely as industrial dinosaurs serving little purpose in the new ‘knowledge economy’, or even worse as ‘producer interests’ threatening beneficial reforms (1998a, 30, 83-85). Partly this flows from his belief that unions are an anachronism in the new knowledge economy where workers are no longer exploited (Johnson 2003). Latham is probably less connected to unions than any leader since Whitlam.4 Although fond of referring to his working-class roots in the Western suburbs of Sydney, Latham sees the distinction between labour and capital as having collapsed with the emergence of the ‘information age’ (Johnson 2003). The main division in society now, according to Latham, is between the ‘insiders’ and ‘outsiders’ of the system: that is, between elites in the media, corporate sector, bureaucracy and parliament who control the political process, and the majority of Australians ‘from the suburbs’ excluded from politics (Latham 2003a, 10, 11). This forms a central part of Latham’s populist style (see below). As evidenced above, he has little faith in the efficacy of government intervention, and allows even less of a role for the welfare state than the Blair Government in Britain (cited in Johnson 2003). Latham professes to be a ‘progressive economic liberal and I cannot see how anyone would believe in any other approach to economic matters’ (Latham 1998b, 16). There is also a

4 I am grateful to Matthew Collins for this insight.
patent absence of collectivism in much of his writings and speeches. For instance, he once argued that in an era of globalisation and insecurity, ‘each of us as individuals plainly needs to do more to advance our own interests – to study harder, to prepare and save more effectively for an uncertain future, to work smarter, and to develop…competitive skills…’ (cited in Clark 2003, 66, 67; emphasis added).

On social issues, Latham is well on the right of the party. For instance, he has denounced the ‘illegal’ asylum-seekers as stridently as Prime Minister Howard, has participated in the attacks on the supposed left-wing, middle-class bias of the ABC, he was among the critics of the children’s television program *Play School*’s featuring of same-sex parents, and he has frequently dismissed the ‘rights agenda’ as elitist and irresponsible (Adams 2004, 15; *The Australian* 2004, 6; Price 2004, 2; Johnson 2003).

While far from exhaustive, this brief survey of Latham’s politics provides a useful contextual background to some of his actions as leader.

*Latham’s Populist Political Strategy*

The foregoing analysis depicted Latham as an aggressive neo-liberal supporter of globalisation hostile to traditional class issues. Since becoming ALP Leader, however, his Third Way political statements have been noticeably absent. Latham has tried to market himself as more down-to-earth and in touch with ordinary people than the aloof 1950s traditionalist Prime Minister John Howard. His past use of more ‘plain language’
such as his description of Howard as an ‘arse-licker’ to US President George W Bush – may partly explain his greater public appeal vis-à-vis his predecessor Simon Crean. A Newspoll survey in March revealed 74 percent agreement with the statement that Latham is ‘in touch with the voters’, compared to 56 percent for the Prime Minister (Newspoll 2004a). Latham’s greater appeal is also probably due to his seemingly firmer opposition to the highly unpopular Iraq war compared to Crean (see Williams 2003, 559).

More broadly, however, Latham’s success is likely to be a result of him appearing to present a clearer alternative to Howard. Whereas Crean failed to put anything in place of the ‘small-target strategy’ (see below), Latham has replaced it with a populist approach aimed at tapping into some of the latent distrust of politics and politicians in the community. There is as much dispute about the meaning of populism as there is about liberalism, socialism, or conservatism (Canovan 1981, 5), and there are many different brands. The term populist is widely associated with the Narodnik agrarian movement of late-19th century Russia, which aimed to go ‘to the people’ (Billington 1958). It is also associated with the Farmers’ Alliance and the People’s Party (or Populist Party) in the US around the same time (Hicks 1961), as well as the Peronist regime in Argentina during the 1940s and 50s (Heywood 1998, 83). More recently, the ‘xenophobic’ populists of Western Europe, and Australia (eg Pauline Hanson’s One Nation), have targeted, among other things, immigrants and racial minorities (Marchart 2002). Latham’s populism is different from the latter in the sense that his focus is not

5 The level of satisfaction with his performance as Leader of Opposition rose from 41 percent shortly after he became leader in December to 66 percent in mid-to-late March 2004. On the question of preferred prime minister, the percentage favouring Howard fell from 46 to 43 percent, while the proportion convinced that Latham would be more able rose from 31 percent to 42 percent (Newspoll 2004b).
public opinion about these minorities. Latham’s brand of populism also clearly differs from the ‘money power’ populism that characterised Australian labour movement thinking from the late-19th century through to the first half of the 20th century (Love 1984). Indeed, it could be argued that so enthusiastic is Latham’s embrace of neo-liberal corporate globalisation that the demonising of a section of the capitalist class would be unthinkable. At first glance, too, it would appear that the Latham model of populism has little in common with the agrarian radicalism of the NSW ALP in the 1890s, which embodied the interests of small landholders rather than workers (Markey 1987).

Yet Latham shares with these different types of populism a desire to frame policies in accordance with the beliefs and attitudes of ‘the people’ (Heywood 1998, 301). His is in the broad, but distinct category of what Margaret Canovan calls ‘politicians’ populism’, which refers to ‘certain styles of politics that draw on the ambiguous resonances of “the people” – to politicians who claim to speak of the whole people rather than for any faction’ (1981, 260; emphasis in original). As we shall see below, ‘the people’ are the focus of much of Latham’s rhetoric, which might also be related to Latham’s conviction that class division is largely a thing of the past (see above).

One can also discern in Latham’s recent speeches and writings, particularly since becoming leader, a certain ‘antipolitics’ which has enjoyed a global resurgence in recent years with the so-called ‘decline of ideology’ (Schedler 1997, 1). Antipolitics can be divided into two main groups: those seeking to ‘dethrone and banish politics’, and those with ‘pretensions to conquest and colonize politics’ (Schedler 1997, 1). Whereas the former questions the worth of politics in any form, the latter accepts the ‘functional
value of politics but denies that it ought to be conducted according to its own laws and logic’ (Schedler 1997, 9, 10). Latham’s antipolitics is in the latter category since he does not question politics in itself, but instead argues for a ‘new politics’, which ‘give people a direct say in the decisions which affect their lives and values’ (cited in Bishop, Kane and Patapan 2002, 24). In some ways, Latham’s style bears some resemblance to that of the populist 1992 US Presidential candidate Ross Perot, whose main message was that Washington had been overrun by self-interested politicians, lawyers and public officials – Latham’s ‘insiders’ – who had forgotten the needs and interests of the people (Brown 1997, 117). Indeed, Perot presented himself as ‘the consummate outsider’ (Brown 1997, 121). Although there might be important differences between the two, including Latham’s leadership of a major party whereas Perot was largely independent, both sought to tap into the mood of cynicism and distrust of politicians with promises to restore ‘the people’s’ ownership of the political process. Like Perot (Brown 1997, 143, 144), Latham was in favour of more direct democracy to get ‘the people’ involved: ‘if in doubt, let’s have more democracy, more direct voting, more public participation’ (Latham 2004b). One could argue that direct democracy is not the same as populism. Yet, it has been argued that the ideal of democracy, namely democracy as ‘government by the sovereign people, not as government by politicians, bureaucrats or judges’, itself contains significant populist elements (Canovan 2002, 30-43; see also Ware 2002). Furthermore, the gulf separating elites from the masses in representative democracies enables populists to portray themselves as the true democrats (Meny & Surel 2002, 4, 5). Some populists’ penchant for direct democracy can be seen as a manifestation of the tension between the ideology of democracy (government by the people) and its actual operation (decision-making by elected elites) (Meny & Surel 2002, 8).
Latham’s populism is exemplified in his promise to govern ‘for the people, not the powerful’ (Latham 2004b). He nominates as the ‘number one issue facing our democracy’ the ‘loss of public trust and confidence in the political system’, and the fact that ‘the democratic process has somehow divorced itself from the public interest’ (Latham 2004e). In a speech to the Queensland ALP State Conference in June 2004, Latham argued that the best form of political campaigning was being ‘on the ground, out among the people’, which allows one to get ‘away from the spin doctors and control freaks’. He praised Queensland Premier Peter Beattie’s Community Cabinets as places where ‘the public can talk face-to-face with their elected representatives’, and where a ‘real dialogue’ can be had about the ‘problems we need to solve as a nation, the challenges we face as Australians’ (Latham 2004f). The Howard Government, in contrast, had ‘joined the elites and moved beyond the everyday concerns of the Australian people. Beyond the common good’ (Latham 2004f).

Another example of this populist style is Latham’s attack on Paddington-dwelling media elites Phillip Adams and Piers Ackerman, who might claim to be very different politically, but in reality have in common their estrangement from the concerns and circumstances of Australians ‘from the suburbs’: ‘They are both out of touch’. Thus Labor’s job is to ‘fight for the underdog’ or the ‘outsiders’ (Latham 2003a, 10). According to Latham, emphasis will be on similar themes in Labor’s federal election campaign in 2004, which will ‘talk about the every day life of the Australian people. Their needs and experiences. Their aspirations and opportunities. The new politics of personal connection’. The Coalition, on the other hand, desires a campaign in which
‘politicians spend their time talking about other politicians...a real insider’s job’ (Latham 2004h). Canovan’s observation of ‘politicians’ populism’ appears particularly apt in light of the latter comment by Latham: ‘Politicians (so the argument goes) squabble among themselves over unreal issues and create divisions where none need exist. What is therefore needed is a party that will set aside both doctrine and selfish interest and put the people first’ (1981, 262; emphasis in original).

Many of Latham’s policy statements and proposals also embody this populist style. Take, for example, his demand that politicians’ superannuation entitlements be brought into line with community standards. In justifying raising the issue, Latham argued that a change was ‘essential in restoring public trust in politics’, and that parliamentarians’ superannuation entitlements had become a ‘major source of public dissatisfaction and cynicism in modern politics’ (Latham 2004g). In defending Latham’s stance, Shadow Health Minister Julia Gillard referred to Latham’s ‘discussions at street stalls where people who clearly are finding it very difficult to make ends meet would raise with him the superannuation that...politicians’ were getting. Latham was merely reacting, she said, ‘to that kind of conversation out on the road, in the community’ (Gillard 2004). Here was a politician not raising an issue brought from his advisers, spin-doctors or fellow parliamentarians, but apparently directly from the concerns of the people themselves.6

It is also possible to see Latham’s push for a directly elected republic as another instance of his populist approach. The republic issue in 1999 was constructed as a debate

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6 In the event, Latham backed down on the plan to amend the superannuation entitlements for future Prime Ministers and Opposition leaders, provoking the charge from Independent Peter Andren that Latham’s actions constituted a ‘stunt from beginning to end’ (Shanahan 2004a, 4).
between genuine monarchists and nationalists wanting to remodel Australia in the
Asian region in order to improve the nation’s competitiveness. Latham no doubt hopes
to tap into popular disaffection with the elite republic model offered at the 1999
referendum by supporting direct election. His populist appeal to ‘the people’ on this
issue was brought out in response to his rhetorical question of whether another
National Convention would be required, ‘No, the Australian people will be our
convention. They will decide the best model for Australia, not a bunch of powerful people
sitting around in Old Parliament House’. He stated that he did not ‘want this to be a
politicians’ Republic. It must be the people’s Republic’ (Latham 2004b; emphasis added).

Some of Latham’s foreign policy pronouncements also contain some populist elements.
Labor’s policy of withdrawing Australian troops in Iraq by Christmas, 2004 may not be
in this category in itself (Latham 2004c, 1; Latham 2004d). Yet, the accompanying
rhetoric often is. For instance, in his 2004 ALP National Conference address he declared
that ‘your travel budget doesn’t teach you how to stand up for Australia. Your love of
this country does.’ He further promised to never call Australia a ‘Deputy Sheriff’: ‘I
know who we are – strong, proud and independent. We’re nobody’s deputy’ (Latham
2004b). He defended his use of ‘common language’, as in his description of John
Howard as an arse-licker to US President George W Bush, in the following terms:

Look, this idea that politics can be too rough and too personal is a bit rich. I can take you to any
sports field any Saturday morning and show you parents getting stuck into it. Having a go at the
ref, yelling abuse. It’s part of the Australian way. We’re not a namby-pamby nation that hides
our feelings. I think we’re a nation that’s willing to call a spade a spade and, if need be, to pick
up the spade and whack someone over the head with it (McKew 2002).
Latham’s aim in all these examples is to present himself as in touch with the people, as one who speaks their language, in contrast to his political competitors.

‘New Politics’

A key aspect of Latham’s populist strategy is his grand ambition to institute a ‘new politics’: to restore the public’s trust, which he describes as at an all-time low because of the ‘plastic’ and ‘contrived’ nature of modern parliamentary politics (Latham 2004e, 1). According to Latham, politics is ‘artificial. I think we’ve got too much reliance on polling, spin doctors, professionals telling people what to say, and not enough straight talking and straight shooting’ (Latham 2003b). In his 2004 National Conference address he committed Labor to nothing less than ‘reinventing and revitalising our democracy, opening up greater public participation, cleaning out the excesses of the political system, governing for the people, not the powerful’ (Latham 2004b). As part of ‘new politics’ he pledges to undertake as prime minister ‘democratic reform’ based on the principles of open government, higher ethical standards, greater public participation, and ‘comprehensive’ parliamentary reform (Latham 2004e, 2). This would involve, inter alia, reforming Freedom of Information (FOI) laws, scrapping special superannuation arrangements and reducing general entitlements for parliamentarians, greater
transparency of corporate lobbyists, the holding of ‘Community Cabinet meetings and forums’, and proposals to reform parliament. These proposals sound significant enough but when examined closely, they amount to rather token changes. This is further evidence that they form part of the overall populist strategy.

Take, for instance, the FOI proposal to release government information unless it would cause ‘substantial public harm’ (Latham 2004e, 2, 3). Not only has it historically been the case in Australia that parties promise FOI reform from Opposition only to then wind back the FOI provisions they introduce in government (Ricketson 1996, 27), it is also the case that variations in what constitutes ‘public harm’ would allow all manner of things to be withheld from public view in the same way that current restrictions on the basis of ‘national security’ enable governments to withhold politically damaging information. Latham has little to say about what, if anything, he intends to do about the threats posed to the effectiveness of FOI legislation by the increasing proportion of government activity outsourced to the private sector (Lane & Young 2000). Given his neo-liberal bent (see above), it is unlikely that he will he reverse these trends. This suggests that his FOI reforms are unlikely to have much impact.

Community Cabinet meetings are no doubt based on those used by the Labor government in Queensland headed by the populist Peter Beattie (see Williams 2001), on whom Latham appears to have modelled his leadership style (see Latham 2004f; Webb 2004). Latham trumpets the ‘town-hall meeting’ tour he embarked upon after gaining the leadership as ‘democracy in the raw’ – a ‘chance to listen and learn, a chance to talk to people face-to-face’ (Latham 2004a). Yet simply committing to Community Cabinet
meetings or public forums is not proof of a government’s openness. For instance, the Beattie Government has frequently been accused of hiding government information for political reasons, such as on the occasion when it brought documents into Cabinet meetings relating to improper use of ministerial vehicles in order to prevent their release (Parnell 2004). Holding regular Community Cabinet meetings might allow Latham to promote his government as open and accountable and in touch with voters, but they do not, contrary to Latham, oblige politicians to ‘give straight answers, instead of just dancing around the issues’ (Latham 2004f), much less fundamentally change the relationship between rulers and the ruled: the majority will remain divorced from the political process.

Latham’s parliamentary reform proposals include the election of an Independent Speaker, changes in the Standing Orders to empower the Speaker to ensure Ministers answer questions in full and to make rulings on whether ministers have misled the House, and a reduction in the number of Dorothy Dix questions allowed (Latham 2004e, 5, 6). As with FOI reform, these concerns about the lop-sided nature of parliamentary proceedings are those of a frustrated party enduring a lengthy term in Opposition. Thus, Labor renewed its calls for an Independent Speaker after the Liberal Speaker Neil Andrew ejected several ALP members from the House of Representatives in mid-2002 during a fiery debate (ABC 2002b). One test of these proposals therefore will be the vigour with which they are pursued when Labor once again occupies the Treasury benches. It is also doubtful that reforms such as an Independent Speaker would reverse the trend towards ‘responsible party government’ where the executive
dominates the legislature to a large extent, and where traditional parliamentary checks and balances on the government have largely ceased to be effective (Summers 2002).

Latham’s democratic reforms taken together capitalise on the widespread distrust of the political system, but his proposals, even if implemented in full, would fall far short of transferring ‘political influence from the powerful to the people’ (Latham 2004e, 4). Putting aside the ambiguousness of ‘the people’, carrying out such a transferral of power would require an acquaintance with a politics much more radical than liberal democracy, which imposes significant constraints on the possibilities of major social reform.7

Latham’s ‘new politics’ are best seen as part of a political strategy developed as an alternative to the now much maligned ‘small-target strategy’. The latter was a consequence of this absence of fundamental disagreement between the parties post-Cold War (Lavelle 2003, 250, 251), for Labor’s acceptance of neo-liberalism and globalisation pose real strategic dilemmas for social democrats aiming to defeat a neo-liberal government. The effect of the almost universal adoption of liberal capitalism among mainstream political parties after the fall of the Berlin Wall and the collapse of the Soviet Union was to take ‘the politics out of politics…political debate could only centre around minor technical issues and the presentation of personality’ (Callinicos 2003, 3). This helps explain the parties’ growing use of spin-doctoring, marketing and opinion polls to distinguish themselves from their rivals (Hamilton 2003, 20). In addition to the increasing intolerance of dissent and debate inside Australia’s major

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7 There have in recent years been a number of attempts to develop alternative democratic models to free market liberal democracies (see Albert 2003; Danaher & Burbach 2000; Burrows 2001; Callinicos 2003; Maheshvarananda 2003).
parties (Barnes 2003, 1, 2), this is an important factor in the ‘plastic’ and ‘contrived’
nature of parliamentary politics cited by Latham.

Herein lies the origins of the ‘small-target’ strategy. When Labor lost the 1996 election,
it was in large part due to its loss of support amongst traditional Labor voters (see
Singleton, Martyn & Ward 1998, 4; Bean 2000, 76-79). While Labor sought to regain
some of this loss of support with an emphasis on economic security and a repudiation
of ‘economic rationalism’, it largely retained its commitment to neo-liberalism and
globalisation (see Lavelle 2003, 190-194). In a landmark speech in 1998, Kim Beazley
pledged to deliver three balanced budgets during Labor’s first term of government.
Labor, he said, would preside over neither ‘large public sectors nor high-handed
centralism’, and he scoffed at suggestions that Labor stood for ‘some antipodean
version of the Supreme Soviet’; rather, the ALP offered ‘parsimonious social
democracy’! (Beazley 1998). This signalled Labor’s continued belief in the small
government approach of Hawke and Keating. It also imposed drastic limits on the
policy choices available to Labor under Beazley. Lacking a distinctive political
program, Beazley was reliant on electoral discontent with the Government to catapult
him into power.

When Simon Crean assumed the leadership after the 2001 election loss, he formally
abandoned the ‘small-target’ approach, but failed to put a genuine policy alternative in
its place (Scott 2003, 461). He also continued his predecessors’ neo-liberal stance. In a
speech in 2002, Crean called for a further ‘modernizing’ of the economy through, *inter
alia*, more improvements in productivity, and the achievement of ‘[t]rue labour market
flexibility’ (2002, 5, 6). On one occasion he stressed his belief in ‘fairness’ and ‘opportunity’, while simultaneously promising small government, ‘competition, efficiency and productivity in our economy’ (Crean 2003). The impression that Crean presented little alternative to Howard is likely to have been a major factor in the low levels of popularity that led to his demise as leader. His stance on the 2003 Iraq war, for instance, was notoriously vague, for which he was roundly jeered at the February 16 anti-war demonstration in Brisbane by protestors chanting ‘No war [at all]’ (Williams 2003, 559).

One way in which Latham has tried to deal with the problem confronted by Beazley and Crean – how to differentiate Labor from the Coalition in the context of bipartisanship on free market globalisation – has been through his populist style. As Hans-Georg Betz has noted, populist parties tend to lack ‘grand visions or comprehensive ideological projects’ (cited in Canovan 2002, 31). If it were not already the case, under Latham Labor is becoming more like such a party. Like all versions of populism (Love 1984, 6), Latham’s reduces complex political systems to the actions of a few individuals conspiring to subvert the common good. Yet, the viability of this populist strategy in the long-term is undermined not just by the usual problem of governing ‘for the people’ in a society riven by class and other divisions, but also by a number of old social democratic dilemmas Labor faces.

**Old Dilemmas**
Latham’s lofty ambitions to institute a ‘new politics’ devoid of the cynical and superficial nature of modern politics has been dealt a blow by recent events, including the parachuting into the safe Labor seat of Kingsford-Smith of former musician Peter Garrett – who proceeded to abandon tout court certain long-held beliefs in order to become a Labor MP – at the expense of local candidates, and the poll-driven decision in May to support the Government’s outlawing of gay marriage (Priest 2004, 4). More importantly, however, Latham’s ‘new politics’ do not allow Labor to escape a number of old social democratic dilemmas including, pre-eminently, the difficulty of appeasing both the ALP’s traditional supporters as well as big business, and operating within the constraints of market capitalism.

The issue of how much Labor can deliver to its more disadvantaged constituents without alienating business groups has been a perennial thorn in the side of Labor. Ian Turner has written of the ‘contradictions and conflicts of loyalty which have proved endemic to Labor governments in Australia’ (1979, 76). A classic case of Turner’s observation was the Whitlam Government. Although Whitlam commenced his Prime Ministership by rapidly implementing his program of social reform, his period in office ended with the Government fighting desperately in the face of the worst economic crisis since World War Two to restore business confidence by jettisoning the program (see Lavelle 2003, 120-141). At the 1975 ALP National Conference in Terrigal, Whitlam lamented that ‘we find ourselves now in a position of seeking ways of restoring profitability’ (cited in Rydge’s 1975, 35). Then-Treasurer Bill Hayden’s ‘horror budget’ concluded Labor’s ‘expansionist phase’ (Whitwell 1986, p.216), and with its emphasis
on public sector restraint and controlling inflation, it commenced the ‘era of economic rationalism’ in Australia (Strangio 1999, 43).

Whitlam Labor was not the first to abandon reform in the face of economic crisis: witness the Scullin Labor Government's adoption of the wage and pension cutting Premier's Plan in response to the Great Depression (Denning 1982). Hawke may have dealt with the problems created by the Whitlam legacy by promising ‘no miracles’ (cited in Maddox 1989, 84), but this was not enough to wholly dampen the optimism with which many Labor supporters greeted the end of Malcolm Fraser (Beilharz 1994, xi). Needless to say, such hopes were dashed by 13 years of painful economic ‘reform’ that delivered major gains to business (Johnson 2001, 151).

All the evidence suggests that the ‘contradictions and conflicts of loyalty’ would be even more sharply posed under a Latham administration. Latham’s rhetoric might inspire some hope that an end to Howard will be a precursor to something better. Yet, the commitment to ‘fiscal responsibility’, to ‘smaller government’ than the Coalition, and the retention of the Government’s tax cuts for higher income earners, impose significant limits on the extent to which Labor can be ‘anti-establishment’ or ‘transfer income and influence to the vast suburbs and regions of the nation’ (Latham 2003a, 12). Labor’s decision in June to back the Government’s proposed price increases for drugs on the Pharmaceutical Benefits Scheme was a clear case of these ‘old dilemmas’ coming home to roost. As Dennis Shanahan commented:

[W]hen you are trying to tell people you are against big banks, multinational corporate advertising and are involved in the daily lives of Australians, there is a jarring note in telling
them you've decided to finance tax cuts and spending promises by putting up drug prices that, in Labor's words, affect the "poorest and sickest" and certainly those on incomes of less than $52,000 (Shanahan 2004b, 13).

This example might also indicate some continuity between the neo-liberal Mark Latham identified in the early part of this paper, and the populist leader of more recent times.

The contradictory nature of Labor’s stance – ‘new politics’ and some promises of increased spending on public services, combined with ‘fiscal responsibility’ and a neo-liberal approach – can best be explained by the two main sources of pressure to which the party has been exposed in recent years. On the one hand it has been under pressure from its own supporters since the 1996 election for a return to more traditional social democratic policies. Yet, business groups expect Labor policies that would not upset investor confidence, expectations which Labor would be reluctant to ignore given recent evidence of high business dissatisfaction with the ALP (Skeffington 2000, 40, 41). This is reflected in Labor’s receipt of less than a quarter of the $29 million donated by Australian businesses to political parties in the three years from 1995-96 to 1997-98, compared to 64 percent for the Liberal Party (Dodson 2000, 3). This trend has continued in recent years.8 The Business Review Weekly implored its readers to reject Beazley at the 2001 election because of doubts about Labor’s capacity to manage the economy effectively (cited in Henderson 2001, 17). As a result of this, Labor is likely to feel under pressure to impress business. Social democratic parties may not require the support of business to get elected, but they must earn the ‘confidence’ of business to govern

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8 See the Australian Electoral Commission’s website for a detailed account of the differences in party funding from business (http://search.aec.gov.au/annualreturns/)
(Miliband 1974, 137). We saw earlier Latham’s efforts to assure business that it has nothing to fear in a Labor government.

Globalisation adds a new twist to this old dilemma, further undermining the ability of Labor to offer policies that would make a difference to its traditional constituents. A contradiction in Labor’s program is that it believes globalisation has made state intervention much less viable, while at the same time arguing that in government it can make it work fairly for the majority (see Lavelle 2004). Latham in particular has a rather apocalyptic view of the effects on state power wrought by globalisation:

> On every front, the social democratic promise of interventionist government is now under siege.
> The state of the state is weak.
> The increased mobility of capital has eroded the economic powers of the nation-state, especially with respect to macroeconomic policy (Latham 2003a, 40).

This is a considerable overstatement of the decline in the policy-making abilities of the modern state (Keating 2000, 45; Weiss 1998). It is true that global financial markets have a major capacity to exert influence over government policies (Eiley 1994; Grahl 2001, 8), witnessed most recently in the case of the sharemarket rout that followed the Indian National Congress’s success at the May 2004 election. But there are instances of social democratic governments succumbing to these pressures that long predate globalisation (Callinicos 2001, 23-28). As Fred Argy has pointed out, there are a considerable number

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9 The Indian stock market fell 16 percent – further than it has ever before in its 129-year history – and trading was suspended twice in response to the election result. A senior Congress Leader quickly buckled to this pressure, issuing a statement pledging to support ‘privatisation where it is called for in the national interest’, and promised that fiscal policy would aim to ‘create a favourable climate for enterprise’ (Reuters 2004, 9).
of policy tools available to fund an expansionary program, including hypothecated
taxes, clamping down on tax rorts, and retargeting of existing spending (Argy 2001, 11).
These would be unlikely to engender capital flight nor seriously spook the financial
markets. Bill Mitchell has calculated that a Labor government could achieve close to
full employment for around $6.2 billion per year in spending – just 1.2 percent of GDP
or around half of defence spending – most of which would be recouped in the
Corresponding fall in transfer payments to the unemployed, extra tax revenue, or
increased goods and services (1999, 42, 43).

However, the pressure on nation-states to boost investor sentiment does push
governments to deregulate, cut business taxes, produce budget surpluses, and continue
economic ‘reform’ – in short, the so-called ‘race to the bottom’. Governments’
prioritisation of the health of the economy above all other policy issues (Castles 2000) is
explained by the fact that competition among nation states to attract capital has
intensified against the backdrop of the underlying weakness of the world economy (see
Tables One and Two below). Thus, at the annual World Economic Forum meeting in
Davos, it is the politicians who court business leaders, rather than the reverse (Handy
1997, 52). Labor’s capitulation to global economic pressures may not be inevitable, but
as Harman notes, social democrats ‘accept the constraints of the system’, and to the
extent that they try to overcome them, they do so with a state machine ‘built on the
assumption of collaboration with capital, not opposition to it, and dominated at the top
by those who identify with the interests of capital’ (1996, 25).
Labor’s belief that globalisation has deprived the state of many of its policy-making powers, however overstated, reduces the options available to tackle disadvantage. Furthermore, if the achievement of ‘transfer[ing] income and influence to the vast suburbs and regions of the nation’ always was impossible given the vast class and other inequalities existing within the ‘suburbs’ it was made even more so by an assumption that state intervention was made much less viable by globalisation.

Another ‘old dilemma’ for Labor is the question as to what is possible within the constraints imposed by economic conditions. Johnson writes of the difficulties Labor governments experience in ‘reconciling the need to support wage-earners and the need to sustain private profitability and investment’ (2001, 147). Labor governments often come to power at the point of economic crisis and find themselves severely hampered in what they can do for their constituents. For example, the Whitlam Government’s reformist program was predicated on the economic buoyancy of the 1960s (Freudenberg 1986, 135, 136, 143). When the post-war boom ended, so too did Labor’s commitment to major social reform (see Whitlam 1977, 7, 8). Because Keynesianism’s orthodoxy during the post-war boom had allowed the ALP to avoid having to choose between mainstream economics and intervening in the market to raise living standards, the collapse of the boom made Labor’s dilemma even more acute (Johnson 2001, 147).

The world, and Australian, economies have never returned to the post-war growth levels that underpinned Whitlam’s Platform (see Tables One and Two below). As Table One shows, the performance of the Australian economy in the 1990s was only a slight improvement on the 1980s, and equal to the recessionary 1970s, while largely the same
can be said for the world economy. Table Two reveals that the major economies of the world recorded over the last three decades of the 20th Century significantly worse economic growth levels compared to the preceding two decades. Economic growth levels in most Western countries did not reach anywhere near those achieved during the 1950s and 60s. The much-hyped ‘Goldilocks’ US economy of the 1990s managed to post an average annual growth rate of just 2.2 percent, compared to 3.5 percent and 4.5 percent during the 1950s and 60s respectively (Kidron 2002, 92). The commitment by modern ALP leaders to fiscal austerity thus is indebted to the political belief that globalisation has rendered state intervention less viable, but also to the much more restrictive economic circumstances in which they operate. These place major obstacles in the path of any pledge to govern ‘for the people, not the powerful’ or to ‘transfer income and influence to the vast suburbs and regions of the nation’.

<table>
<thead>
<tr>
<th>Australia</th>
<th>1960s</th>
<th>1970s</th>
<th>1980s</th>
<th>1990s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real GDP Growth</td>
<td>5.3</td>
<td>3.5</td>
<td>3.3</td>
<td>3.5</td>
</tr>
<tr>
<td>Unemployment</td>
<td>2.2</td>
<td>4.2</td>
<td>7.6</td>
<td>8.9</td>
</tr>
<tr>
<td>Inflation (quarterly)</td>
<td>2.5</td>
<td>10.1</td>
<td>8.3/8.1\textsuperscript{10}</td>
<td>2.3/2.8\textsuperscript{11}</td>
</tr>
<tr>
<td>----------------------</td>
<td>-----</td>
<td>------</td>
<td>-----------------------------</td>
<td>-----------------------------</td>
</tr>
<tr>
<td>World GDP Growth</td>
<td>5.0</td>
<td>3.6</td>
<td>2.8</td>
<td>3.0\textsuperscript{12}</td>
</tr>
</tbody>
</table>

Sources: (Gruen & Stevens 2000, 3; Thurow 1996, 1; IMF 2001).

Table Two: Economic Growth Rates for Six Major Nations (annual percentage increase)

<table>
<thead>
<tr>
<th>Country</th>
<th>1950-73</th>
<th>1973-97</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>3.8</td>
<td>2.5</td>
</tr>
<tr>
<td>UK</td>
<td>3.0</td>
<td>1.8</td>
</tr>
</tbody>
</table>

\textsuperscript{10} Excluding interest.
\textsuperscript{11} Excluding interest.
\textsuperscript{12} Based on figures in IMF (2001).
<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>6.0</td>
<td>2.1</td>
</tr>
<tr>
<td>France</td>
<td>5.0</td>
<td>2.1</td>
</tr>
<tr>
<td>Italy</td>
<td>5.6</td>
<td>2.4</td>
</tr>
<tr>
<td>Japan</td>
<td>9.2</td>
<td>3.3</td>
</tr>
</tbody>
</table>

Source: (Kotz 2001, 94)

Conclusion

Latham deserves credit, if for nothing else, for putting focus on the current malaise in the political system. This paper has, however, raised serious doubts about whether he, or the ALP, is able to implement policies capable of dealing with the problem. Labor’s commitment to ‘fiscal responsibility’, to tax cuts, and to smaller government more broadly, not to mention the strictures of the global economic order, stand in the way of the development of policies that would make a significant difference.

The grand plans to institute a ‘new politics’ face some old dilemmas, such as how to appeal to both its traditional working-class constituency while at the same time assuaging big business. Labor’s policies are constrained by the needs of the capitalist economy, which in recent years has not been conducive to fiscal expansiveness. To these old dilemmas a new twist is added in the form of globalisation which, in Labor’s eyes at least, has made state intervention much less viable. This further suggests that any reforms under a Latham Labor government would be very minor.
Latham’s ‘new politics’ are part of a populist political strategy aimed at tapping into
cynicism and anger towards politicians. In this sense, there is nothing new in Latham’s
populism. The ‘small-target strategy’ of one of Latham’s predecessors Kim Beazley
flowed from the post-Cold War ideological consensus on free-market globalisation.
Because Crean retained his enthusiasm for this agenda, he struggled to replace the
‘small-target strategy’ with anything new. Latham’s strategy has been to substitute
Beazley’s approach for a populist strategy, but because of his commitment to economic
rationalism and globalisation, he also is hamstrung in his efforts to develop
substantially different policies.

Given Latham’s track record as a neo-liberal supporter of globalisation, it is unlikely
that he is a sincere populist committed to transferring power to ‘the people’. It is more
likely that he is using populist rhetoric to gain political support. However, Latham’s
very use of such a strategy is indicative of the political dilemmas faced by a social
democratic party committed to free-market globalisation, but which strategically must
find a way to distinguish itself from its neo-liberal rival. What is more, if Latham fails
to deliver on his promises to govern ‘for the people, not the powerful’, this will only
increase public cynicism about parliamentary politics, and potentially lead people to
look elsewhere along the political spectrum for solace – possibly to the xenophobic
Right, but preferably to the Left of Labor with the Greens or other minor parties
committed to real social change.
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