This paper is a preliminary attempt to evaluate changing patterns of democratic governance, at least in Westminster-style parliamentary settings, and possibly more generally. It has four specific purposes: first, to sketch a model for evaluating democratic governance; second, to apply this model in a mini-case study of changing patterns of governance in one particular polity; third, using this same model, to explain how a decline of democratic governance was accepted, at least by political elites; and fourth, to indicate at least the direction in which remedies might be sought.

Governance is a political process. The term emphasises interdependence and interconnection between the state and its subjects in the production of outcomes. These could range, at a minimal level, from the provision of order, through to quite complex projects involving a large-scale coordination of action and mobilisation of resources. Democratic governance introduces a particular pattern of engagement to these processes. In this configuration, citizens are the ultimate arbiters of legitimate authority. Their consent is the basis of government action.

Volumes of normative theorising surround the translation of these broad principles into specific political architectures. Perspectives, which are wholly or mostly normative, provide one standpoint from which democratic governance might be evaluated. But these approaches are often insufficiently finely grained to allow varieties of democratic practice to be assessed. Alternatively, they involve ideals that others may contest. Meantime, wholly empirical studies lack a normative stand-point from which developments might be evaluated comparatively and historically.

Constructing a model that evaluates the ‘quality’ of democratic governance in particular political systems is a demanding task. The normative premises need to be generally acceptable and uncontested. The number of variables needs to be limited, but the variables themselves need to be sufficiently precise to establish clear categories and sufficiently broad to encompass a variety of practices. Causality needs
to be based on interactions that are primarily empirical, and that involve psychologically and politically plausible dynamics.

Such a model can be derived from March and Olsen’s study, ‘Democratic Governance.’ (1995). In this account, democratic governance is made up of two broad dimensions: one covering the representational (input) face of politics and the other the outcome (output) face. The normative premise of this model concerns the linkage between these elements. Broadly, the more accurately aligned are these ‘faces’ of politics, the more completely is democratic governance realised.

This paper is in three sections. The first summarises the March and Olsen framework. The second tentatively explores its explanatory power through a summary case study of the links between participatory practices, accounts, institutions, and outcomes in Australia’s two-party political system. The wider implications of this analysis are tentatively explored in a final section.

Modelling Democratic Governance.

An evaluation of democratic governance requires a theoretical account. March and Olsen suggest a framework. The following simplified and formalised model derived from their much richer and more nuanced discussion. It is based on four variables, namely: identities, accounts, political institutional structures and capabilities. These variables and the political and psychological dynamics by which they are joined are discussed in turn.

Identities are fundamental. Identity has the same necessity and force in moral orientation as space in physical orientation (c.f. Taylor, 1989, chp. 2; Murdoch, 1993, p. 425). The ‘self’ is a plastic and dynamic category and liberal democracy provides a congenial incubator for possibilities to be explored (Taylor, 1989 esp. chp. 24). Citizenship is the fundamental political identity. It presupposes the presence of a state. ‘(Citizenship is a) constitutive belonging integrating and shaping other allegiances and particular identities derived from social affiliations like the family, voluntary associations, class or one’s market position’ (March and Olsen, p. 37). Democratic governance is grounded in prevailing patterns of identity (e.g. class, gender,
environmental sympathies, trade unionist, doctor etc). Identities can be more or less differentiated at both the level of a whole society and at the level of particular individuals. Different patterns of identity will be evident in different historical moments.

Change in identity arises from a confluence of causes. Following Taylor, developments in understandings of dignity and what it is good to be are the critical elements (1989, pps. 29-31). Change can also be associated with a variety of material factors. These may seed dispositions and inclinations. But meanings are critical in converting the latter to motive and action. Further, these meanings are ‘answers to questions that inescapably pre-exist for us…the notion of inventing a (meaning) out of whole cloth makes no sense…one can only adopt such (meanings) as make sense to one within one’s basic orientation’ (1989, p. 30).

In the following model, identity change can be both exogenous and endogenous. Change in identities is exogenous when meanings external to the current dominant pattern are invoked to create a wholly new political claim (e.g. class in the nineteenth century; gender or nature in the late twentieth). Change in identities is endogenous when an established dominant pattern is the ground for claims on behalf of sub-categories (e.g. from social democratic citizenship to such sub-categories as pensioner, single mother, handicapped, disabled etc).

In democratic politics, changes in citizen identities are championed by political associations. Only three forms of representative association have been invented: political parties, interest groups and social movements. However political parties are ambiguous agents in the representation of identities. They can act as agents of representation and/or as agents of the governance system. The accuracy with which they fulfil the former role is a function of the accounts that they champion.

Accounts are narratives that identify politically relevant identities and describe the situations that confront them. Accounts create so-to-speak the ‘energy’ (direction, scope, motive and ‘will’) of democratic governance. They ‘affirm that history is subject to meaningful control’ (p. 141). They are explanations that make actions imaginable. They discuss (or imply) the capabilities that are required to realise
identities in particular situations. They also discuss or assume policy capabilities and instruments. In this role, they make authoritative particular ‘technologies’ of governance. Coherent governance requires relatively coherent accounts, although different narratives might be used to sanction popular mobilisation and government technologies. For example, a class based rhetoric contributed to the political mobilisation associated with the social democratic state. Its ‘technological’ foundations included Keynesian economics and the administrative sciences. These narratives were interdependent.

Particular crystallisations of democratic governance require accounts in which there is broad coherence between political and technical narratives. These also need to attract elite concurrence across substantive and/or procedural dimensions. These combine to create dominant crystallisations (e.g. ‘mass politics’, ‘catch-all politics, ‘cartel’/neo-liberal/ populist politics). At the same time, ‘democratic political institutions are seen to be based on layers of partly ambiguous, inconsistent, changing and competing ideas and beliefs, rather than on coherent stable doctrines’ (p. 174). The ‘dialectic’ between this base and a more or less patterned surface creates the potential for political change.

Political institutions create the ‘penetrative’ capacities of particular political systems. They project accounts in a manner more or less appropriate to the actual pattern of identities. They engage citizens of varied identities (or their representative organisations) in the governance process. According to March and Olsen, democratic institutions ‘transform inconsistencies among identities and preferences into discourse in pursuit of shared understanding, channelling disagreements into reasoned discussion and empathic exploration of possible compromises and mutual interests’ (p. 51). The structure of the formal political system facilitates the mobilisation of identities, the projection of accounts and deliberation about accounts and capabilities.

To achieve this outcome political institutions need to cover the issue cycle from agenda entry to implementation and program refinement. Institutional capacities need to include ‘searching’ or ‘scanning’, analytic and mobilising processes. In practice, this requires a phased process with capabilities that starts at the agenda entry/strategic end, and then extends through its other moments. The former phase is based on
accounts that link identities and situations. In the latter phase, choices crystallise and decisions are taken. Through both broad phases, attention to the capabilities required for realising identities creates a framework within which substantive interests and preferences progressively form. Meantime, particular institutional architectures will configure these processes in different ways. In particular, they determine which representative formations have standing in which phases of the policy process. Accounts can then ‘fine tune’ mobilisation to more or less align political institutions and the actual pattern of identities.

Capabilities are the social resources required to realise identities. These could involve such provisions as laws, budgets, institutions or organisations (e.g. legal rights, welfare and health arrangements, educational institutions etc). March and Olsen classify capabilities into four groups: rights and authorities; resources; competencies and knowledge; and organising capacity (p. 28).

Rights and authorities: Rights determine whether particular identities are recognised (e.g. indigenous people, gays, women etc). Authorities underpin recognition (e.g. Bill of Rights, legislated equal pay etc). Identities may be protected or augmented through authorities (e.g. Ombudsperson, Equal Opportunities Tribunal). Through engagement in political and policy-making processes, authorities can also ‘deepen' the scope of identities (e.g. the identities of trade unionists and business people might be extended through corporatist structures).

Competencies and Knowledge: Competencies and knowledge can also enhance identity. Compulsory schooling is a right of citizenship. Higher education in many countries is prescribed and funded by the state. The length of engagement in education mostly depends on state determinations. The state can also determine the standing of, and access to, forms of specific knowledge, such as those involved in particular disciplines (economics, biotechnology). ‘The value of specific knowledge depends on such things as changing political agendas, changing beliefs in political means, and changing competition from groups with alternative knowledge and experience. For instance, the development of the welfare state increased the political relevance of some professional groups’ (p. 94). This enhanced the roles of doctors, nurses and teachers and their representative associations.
Resources: March and Olsen indicate the wide range of factors that might be included in deliberation about resources. ‘By resources we mean the assets that make it possible for individuals to do (or be) things or make others do (or be) things. Those assets include money, property, health, time, raw materials, information, facilities and equipment. They also include such individual attributes as social standing, location, physical size and energy, ethnicity, gender and age’ (p. 93). The welfare state is a primary example of the redistribution of such resources.

Organising Capacities. Tocqueville recognised the significance of the ‘art of association’ for democratic practice, an insight renewed in contemporary attention to ‘social capital’. March and Olsen make this practical capability an aspect of the realisation of identities: ‘An important part of the development of democratic politics has been the granting of rights and capacities of organisation to deviant groups…...Without organisational talents, experience and understanding, the other capabilities of democracy are likely to be lost in problems of coordination and control, logistics, scheduling, allocation and mobilisation of effort……...Capabilities for organising are partly created by the polity. Legal rights to constitute an organisation and to exercise its privileges are typically granted, protected, and regulated by the state’ (p. 95).

Dynamics. The dynamics of democratic governance turn on the logics of choice that motivate citizens. There are two possible motors. According to March and Olsen, a logic they term ‘appropriate behaviour’ is fundamental. Appropriate behaviour matches an identity or role to a situation. In political choice, this involves a citizen’s understanding of a particular situation and his/her assessment of the capabilities required to realise his/her identity in this situation. Powerful motives are aroused by a consideration of the linkage between identities, situations and capabilities. Conceptions of preferences and interests grow out of these deliberations. The decisions that are associated with role fulfilment are primarily cognitive. They involve a progressively deepened understanding of what capabilities are required if roles are to be fulfilled in particular situations. ‘Action is taken on the basis of a logic of appropriateness associated with roles, routines, rights, obligations, standard operating procedures, and practices…Appropriateness refers to a match of behaviour to a
situation….Appropriateness has overtones of morality, but it is in this context primarily a cognitive concept’ (p. 31, 32).

This contrasts with a second logic of choice, namely an instrumental calculus. Here behaviour results from a calculation concerning the benefits and costs associated with pursuit of a desired outcome. Preferences and constraints are given, and uncertainties about outcomes are assumed to be at least ‘bounded’. Choice thus involves a maximising calculus. Although this choice logic can be precisely modelled, it involves heroic elisions and assumptions. In practice, calculations based on role fulfilment more closely approximate empirical circumstances partly because they do not require certainty about outcomes.

Further, accounts that are built around a (more or less explicit) instrumental calculus treat preferences and constraints as exogenous. By contrast, accounts that are built around models of choice based on a logic of appropriate behaviour treat preferences and constraints as endogenous. These understandings develop as deliberation unfolds. Patterns of politics that are informed by accounts built on a logic of appropriate behaviour can thus also ‘contain’ choices based on an instrumental calculus. This outcome would be facilitated partly by the information generated in processes of deliberation and partly by multiple components of identity (‘loyalties, affections, obligations and meanings…’ p. 50). The reverse case is not however possible.

‘Thick’ and ‘Thin’ Democratic Governance. These differing logics of choice create two polar patterns of democratic governance. At the so-to-speak ‘thick’ pole, accounts and institutional structures project logics of appropriate behaviour that seek to match identities and situations. Citizen choices can be based either on this ground or on an instrumental ground or, more likely, on some (progressively refined) mix of these logics. These possibilities of action would be projected as the policy cycle unfolds through its various stages. At the other, so-to-speak ‘thin’ (minimalist or populist) pole, an instrumental logic alone informs accounts. Here the mobilisation phase is foreshortened and citizen choices are attenuated. March and Olsen describe a number of relatively abstract crystallisations of politics between these poles (e.g. redistributive, developmental, structuralist: p. 243-246).
These ‘thick’ and ‘thin’ accounts differ in their presumption about identity. The ‘thick’ model explores political identity as an inherently social (‘embedded’) category whose realisation is (more or less) implicated in social action. Many of the capabilities associated with its realisation are social in character. But the extent to which this is recognised by individual citizens is a consequence of two contingent factors: the configuration of political institutions and prevailing political narratives. These determine the scope and effectiveness of citizen ‘social learning.’

By contrast, the ‘thin’ model of governance is based on a notion of identity in which the preferences and constraints that citizens recognise derive from experiences that precede political engagement. Indeed, the prior genesis of these understandings is the pre-condition for sociability. These normative presuppositions are the basis for an alternative account of political relationships and dynamics. In this account, citizens already know what is most critical about emerging choices. They know their own preferences. And, (to the extent values determine constraints) they ‘know’ what are the constraints they confront (e.g. in relation to global warming; deflation and employment; gay marriage). In this context, the task of political leaders is (broadly) to respect the preferences, prejudices and understandings of citizens and to craft coalitions that will create the majorities necessary to enact them. The tactics associated with exchange and coalition building provide the basic means.

**The Model Summarised:** The model can be summarised in four basic propositions. First, identities are fundamental categories and their fulfilment in particular situations is fundamentally a social project. Fulfilment can be more or less based on socially created capabilities. Second, accounts and political structures are the means through which identities are linked to capabilities. In other words, in this model identities, accounts and the institutional structure are independent variables and capabilities the dependent variable. Third, accounts and political institutions together create the mobilising, integrating and closure capacities of particular governance systems. These can align the formal political system more or less closely to the actual pattern of identities. Fourth, the more closely aligned are the independent variables, the more accurately will capabilities match identities. In other words, the more completely will democratic governance be realised. This last proposition creates the primarily empirical character of the model.
The particular suitability of this model for evaluating the historical evolution of democratic governance arises from three factors. First, it is primarily an empirical theory - in the sense that the primary distinctions between patterns of democratic governance arise from the ‘mechanics’ of governance, rather than from norms of democracy or of deliberation. Second, it is a parsimonious account. Its political dynamics are based on four variables (identities, accounts, political structure and capabilities) and its psychological dynamics on what March and Olsen term a ‘logic of appropriate behaviour’. Third, it is an encompassing theory - in the sense that the model can subsume a variety of specific patterns of democratic governance.

Hypotheses: Four hypotheses about democratic governance can be derived from this model. Three concern its evolution, and one its renewal. First, in its mass party phase, the pattern of democratic governance approximated the ‘thick’ pole. This resulted from a relatively close alignment between identities, accounts and institutional structures (i.e. class-based identities, social democracy/social liberalism, mass parties). Second, the subsequent evolution of democratic politics has been in the direction of the ‘thin’ (minimalist or populist) pole. This has developed progressively as the neo-liberal account of politics has gained ascendancy amongst political elites. Third, the cause of the shift from ‘thick’ to ‘thin’ democratic governance was a failure to adapt political institutions to changing citizen identities. This failure was masked by the neo-liberal account of governance. As a theory of politics, neo-liberalism starts with a foreshortened (stunted) premise about identity. Citizens are formally recognised only as atomised individuals or, in a limited extension, as consumers. This does not match the actual pattern of citizen identities evident in developed democratic societies. But this misalignment has been concealed. On one hand, neo-liberal theory claims that its accounts of identity and motive are universal. These false premises have nevertheless yielded theories that have considerable explanatory power albeit in limited contexts. They have been defended by a considerable body of intellectual work and by many gifted scholars. They have been deliberately projected to elites by crusading think tanks. Since ‘truth’ is never fully realised and is, at least partially, a humanly constructed category, and since the need for meaning is absolute, accounts
that are partial can readily be conflated and/or misapplied, as has happened in this case. ¹

The masking of a decline in democratic governance has been reinforced by a second factor. This involves neo-liberalism as a political ideology. One or another version of this narrative has been adopted by political elites of nominally different orientations. Ideologies based on neo-liberalism were deployed to fill a policy vacuum and/or to defend established elites against upstart rivals (e.g. ‘green’ parties, social movement activists etc). The neo-liberal account has thus served the political interests of mainstream elites. Elite convergence has foreclosed citizen choices.

Fourth, the renewal of democratic governance requires attention to institutional design. The central gap concerns the absence of a transparent ‘strategic’ phase in the issue cycle. This was once largely the province of mass party organisations. These bodies can no longer contribute this capability. There are no encompassing ideologies. Identities are too differentiated and pluralised. Remedies need to be sought elsewhere in the political institutional structure.

The next task is to explore these hypotheses in a preliminary way in the context of the evolution of democratic governance in Australia.

**The Evolution of Democratic Governance in Australia.**

**Hypothesis I: Mass Parties facilitated an alignment between identities, accounts and capabilities: they contributed critically to ‘thick’ democratic governance.**

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¹ James Q Wilson describes the contribution of intellectuals (and their theories) in the following terms: ‘(They contribute) the conceptual language, the ruling paradigms, the empirical examples (note I say examples, not evidence) that become the accepted assumptions of those in charge of making policy. Intellectuals frame, and to a large degree conduct, the debates about whether this language and these paradigms are correct. The most influential intellectuals are those who manage to link a concept or a theory to the practical needs and ideological predispositions of political activists and government officials. The most important source of intellectual influence on public policy arises out of the definitions of what constitutes a problem….What intellectuals mostly bring to public policy debates is not knowledge but theory…..Some theories, if adopted, will make us better off. The problem is to know which ones.’ *Public Interest*, 64, 1981, pp. 31-47.
This section argues the dominant pattern of identity evident in the immediate post-war period involved socio-economic class. Mass party organisations gave political expression to the latter. This organisational form was based on encompassing accounts. Party organisations constituted a ‘political institution’ that projected these accounts both to a broader community and to elites and activists. The particular accounts that were involved linked the realisation of class identities (working class, middle class) to access to educational, health, welfare and housing resources. It linked economic opportunity to jobs and tariffs. Meantime, Keynesian theory showed national governments how they could better manage economic cycles. The role of party organisations, the terms of engagement and policy outcomes are sketched in turn.

**Party organisations and the mobilisation of identities.**

Australia’s party system was reconstituted in the post war period. A new, non-Labor grouping was formed in 1944, and with it a two party system, based on two mass organisations. These organisations played catalytic roles in the broader mobilisation of identity. The Labor Party, originally formed in 1891, had grown from the trade union movement, and focused on working class identity. The initial fervour of activists congealed into strong party identification, in which socio-economic class and religion were also significant factors. For their part, the non-Labor forces were composed of two broad streams. One (‘Free traders’) espoused classical liberalism; the other (‘Protectionists’) espoused advanced or social liberalism. Labor’s electoral success, particularly at the national level, precipitated the progressive consolidation of non-Labor groups, although they did not finally coalesce into a mass party until 1944. How did the mass parties and the political system they composed realise a ‘thick’ mobilisation of identities?

The Labor Party was built from an initial mobilisation by craft workers. Unionisation progressively spread mobilisation. A political arm emerged from the intellectual and industrial ferment of the late nineteenth century (Nairn, 1989; Burgmann, 1985). Mass attachment was based primarily on affective ties, including such sentiments as ‘mateship’ (Ward, 1958), Irish nationalism and a sectarian divide (Crisp, 1965). Party

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2 The conservative side in Australian politics was in fact a coalition. But one party dominated and the distinction between the parties was based on geographic coverage.
members swore a ceremonial oath to ‘faithfully uphold the Constitution, Platform and Principles…including the democratic socialisation of industry, production, distribution and exchange, to the extent necessary to eliminate exploitation and other anti-social features in these fields; also to vote and to assist the return of endorsed ALP candidates’ (Maddox, 1985, p. 244).

The Liberal Party, its principle rival, stood for an individualist conception of identity but, in keeping with late nineteenth century social liberalism, for an activist conception of the state (Sawer, 2003) According to Hancock: ‘The large majority (of members)…thought that politics was, or should be about, serving the community…(that is) one nation, not of a site where competing classes fought to the death. Labor, they argued had divided Australia along class lines; Liberals (were) convinced that Australia was, or ought to be, a classless society’ (1999, p.127). In practice the Liberal leader, Menzies, pitched his appeal to middle class Australians as ‘the forgotten people, ground between monopoly and trade unionism’ (Jupp, p. 164; also Brett, 1992). The representational reach of these two parties was reflected in their membership, organisational arrangements, and voting support.

Party organisations mediated mass and elite mobilisation. Mass mobilisation was accomplished through extensive branch structures. Reliable Labor branch numbers are unavailable. One state level organisation ‘always considered it desirable to have a branch in close proximity to each polling booth’ (Jupp, p. 70). This would have produced a nation-wide total of over 4000 (?). Branches often functioned as social centres (ibid). Party rules encouraged participation. For example, standing required attendance at least three meetings per year. In the 1930s and 1940s, direct membership was estimated at between 200-350 000, some 7-10% of the electorate (Weller and Young, 2000, p. 158). Labor’s delegate notion of representation accorded ordinary members considerable formal powers in preselection of candidates, although local decisions could be overturned by the (trade union dominated) executives. The ultimate law making body in national politics was the federal conference, composed of six delegates elected from each state branch. It met only once every two years. Authority in the interim was vested in a national executive of 12, two from each state.
Elite mobilisation involved the trade union leadership. Union leaders dominated party affairs as representation at forums other than branches was determined by a formula based on membership numbers. Members of affiliated unions counted as party members. As late as 1980, when branch membership had shrunk to 53 000 Australia wide, affiliated unions represented 1 650 000 votes (Parkin and Warhurst, 1983, p.258-259). In practice, union representatives controlled, or exercised a major influence on, party affairs. Union elites played a key role in intra-party deliberations over the Platform and policy. Conference and platform debates provided occasions for (reciprocal) exchanges between parliamentary and industrial leaderships and helped educate both groups about the others aspirations and constraints.

The Liberal Party organisation performed a similar catalytic role in mass and elite mobilisation, if in less explicit ways. The organisational wing played an advisory role to the parliamentary wing. Branch numbers of between 1600 and 2000 were recorded in the period 1950 to 1970. Membership however declined continuously over this period from just on 200 000 to just over 100 000 (Hancock, 2000, p. 233). Members joined branches defined by locality and elected delegates to regional and state conferences. The party structure was federal in character, with state branches jealously guarding their independent prerogatives. Party affairs were managed at the national level through a federal council of seventy-six delegates, seven from each state together with the party leaders ex officio. Key forums included the federal Finance, Manufacturing and Platform Committees.

Elite interest aggregation was orchestrated formally through party forums and influence was reinforced (as in the Labor Party) informally through funding arrangements. Affiliation with business at the federal level was maintained through the Finance and Manufacturing Committees. Matching relationships developed through parallel committee structures at state levels. In Crisp’s words: ‘The more that is revealed of the…history of … the Liberal Party, the clearer is its base in commercial, industrial and professional groups’ (1965, p. 165).

Although other influential groups existed (eg. returned services groups), trade unions and business (including rural) groups constituted the principal organised interests from the 1940s to the 1960s (Matthews, 1980). Thereafter, new groups emerged as the
extension of welfare state programs created new motives for group formation (e.g. welfare recipients) or brought established groups into new relations with the state (e.g. pharmacists, doctors, pensioners etc: the dynamics are explored in Marsh, 1995, Chapter 2).

Finally, voting numbers and party identification affirm the dominant role of party organisations in political mobilisation, and of party labels in cuing public opinion. The major blocs together attracted some 98% of the total vote in elections from 1950 to 1960 (the direct Labor vote was diminished at the end of this period by a split in 1956). The cueing power of party labels is particularly evident in the levels of party identification. According to Aitkin of the electorate indicated strong or very strong identification with one or other of the major parties over this same period (1977, p. ).

In sum, mass membership legitimised the claims of the major parties to represent the community. Their representational dominance was affirmed by voting support and party identification. Mass membership socialised large numbers of the community and created partisan loyalties. Elite mobilisation occurred through access to party forums and through more informal links to party leaderships. Thus the party organisations made essential contributions to the mobilisation of identities at the mass level, and to interest aggregation at elite levels.

**Accounts and the mobilisation of identities.**

The terms of engagement exactly reflected the link between identity and capability theorised by March and Olsen. Debates at branches and conferences established the parameters of political action. Although the precise terms of the post war settlement was originally crafted by a bureaucratic elite (White Paper on Full Employment, 1945), its broad form was consistent with the meliorist/egalitarian aspirations of both major parties. Writing in 1944, Grattan declared ‘(Labor) stand s for a social democratic Australia’ (quoted, Crisp, p. 178). The Platform, endorsed by the organisational wing, embodied the most radical agenda. This was an accumulation of conference resolutions organised under major headings such as employment, security, socialism etc. The 1936 conference introduced a supplemental Fighting Platform to emphasise the priority of economic security. Labor’s socialisation objective was
reaffirmed at the 1945 Federal Conference in terms that implied a strong role for nationalised industries (Crisp, 1955, p.289). At the 1948 conference proposals for a more vigorous assertion of socialism did not pass. This was followed by the 1949 election fought after an attempt at nationalisation of the banks had been found to be unconstitutional. ‘The 1951 Platform continued to include the nationalisation of banking, credit, insurance, shipping sugar refining, and monopolies. But it was well understood by party elites that, without constitutional amendment, this program was infeasible’. Crisp’s summary of the party stance on socialisation points to its equivocal character: ‘What comes plainly out of…Labor history… is the consistent striving to make clear that the party seeks no more than a step by step progress, by Constitutional means …. to a point where the community owns or effectively controls a limited number of those industries and services which are 1. central to its progress and preservation 2. are anti-social, in the sense that in private hands they are exploiting workers or consumers or 3. are not being developed by private individuals. Beyond that limit…the Federal Labor Party has shown no desire to push public ownership.’ (p. 298).

Similarly, when the Liberal Party was constituted in 1944, Menzies affirmed an active role for the state in relation to the economy and social welfare. ‘Governments had to be ready to implement a program of public works at the first sign of a recession in business conditions. The central objectives should be creation of long-term full employment through increased production’ (Hancock, p. 129). Menzies also supported an expanded housing programme to extend access to lower income groups, extended federal support for education, tariff based industry development and the introduction of a contributory national insurance scheme covering health, unemployment and welfare benefits. This committed the party to positive interventions in favour of meliorist and developmental objectives, but fierce opposition to a direct or large-scale state role in the economy. Thereafter conference debates focussed on opposition to socialism, but supported measures to extend Australia’s distinctive ‘wage earner welfare state’ (Castles, 1985). Foreign affairs and opposition to communism also preoccupied party deliberations in the 1950s and economic development in the 1960s.
In general, conference debates in both major parties created the strategic envelope within which day-to-day politics was conducted. Conference provided settings for reciprocal exchange between parliamentary and interest groups elites and activists. All currents of opinion that enjoyed significant standing were expressed in these forums. This provided the basis for elite aggregation. It gave the parliamentary leadership access to opinion and sentiment amongst the most politically engaged and the most politically powerful interests. It provided a focal point from which politicians and activists could seek to influence public opinion in the broader community. Election contests and parliamentary debates extended processes of socialisation. These settings created the strategic context for the post-war extension of Australia’s welfare state-managed economy.

Policy Outcomes and the development of capabilities.

Political dynamics over the period 1945-1966 unfolded over two phases. Labor governed in the immediate post war period up until 1949. Thereafter the Liberal Party governed to 1972. Legislation over this period translated party policy into legislation and programs. The key changes occurred in the 1940s. Child endowment was introduced in 1941. Widows pensions followed in 1942, new maternity and funeral allowances (1943), unemployment, sickness and special dependency benefits ((1944), free medicines (1944), free hospital treatment in public wards (1945). In 1945 the Employment Service was established, and rehabilitation services followed (1948). In addition, through collaborative agreements with the states, public support for housing was significantly extended (1945), support for hospitals (1945) and an anti-tuberculosis campaign (1948). Aid to tertiary education was also extended through the national government’s responsibilities for repatriation. Other interventions included the establishment of a national acoustical laboratory, the establishment of a

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3 Samuel Beer (1969, p. 347) described the systemic contributions of British mass parties in the following terms: ‘It has been said that a principle function of a major party is to aggregate the demands of a large number of groups in the electorate. Where party government is as highly developed as in Great Britain, I wish to emphasise the role of party is much greater. Party does not merely aggregate the opinions of such groups. It goes a long way towards creating these opinions by fixing the framework of public thinking about policy and voters sense of the alternatives and the possibilities. The parties themselves, backed by research staff, equipped with nation-wide organisations, and enjoying the continuing attention of the mass media, have themselves in great part framed and elicited the various demands to which they then respond.’
Stevedoring Industry Board to manage this industry, the expansion of the Commonwealth Shipping Line, a publicly owned aluminium ingot industry, public monopoly of atomic energy development, publicly-owned international and domestic airlines, and overseas telecommunications, the establishment of a major development scheme (Snowy Mountains Hydro-electric Authority), and administration of the coal industry.

The principal substantive division between the major parties was based on Labor’s attempted bank nationalisation (1945), which was ruled unconstitutional by the High Court. The 1949 election was fought on this issue and Labor was decisively defeated. This inaugurated Liberal rule, which lasted to 1972. Successive Liberal governments expanded Labor’s welfare state. Pensions were progressively increased and benefits extended in most categories. The Menzies governments of the 1950s and 60s significantly extended the role of the Commonwealth government in education, particularly higher education, and the role of the tariff as the primary instrument of industry development. Liberal governments also ruthlessly exploited Labor vulnerabilities on security and defence issues including over the Korean War, Communist infiltration of affiliated unions, and alleged Russian spying in Australia.

Substantive policy outcomes thus focussed on redistributing wealth through the social security system, access to services and the health system. The development of economic and individual capabilities was fostered through tariff based industry development and through greatly expanded access to higher education. Mass party organisations contributed decisively to these outcomes through their contribution to agenda setting, interest aggregation and mass mobilisation. The termination of this era might be variously dated depending on whether its end is attributed to social change (erosion of the strong link between voting and class cleavages), change in agendas and patterns of representation (rise of new social movements) or party change (the leadership of both major parties adopted a catch-all orientation).

**Hypothesis II:** Neo-liberalism has occasioned the development of ‘thin’ democratic governance.

**Hypothesis III:** Neo-liberalism has masked the misalignment between identities, accounts and political institutional structures.
The pattern of citizen identities underwent fundamental change from the 1960s. Drawing on (hitherto dormant) romantic currents in the liberal tradition, claims for political identities other than social class were progressively advanced (Beer, 1982, Chapter 4 ‘The Romantic Revolt’, esp. pp. 127-133). This initially involved identities that derived from gender, sexual orientation, concern for nature and animals, and ethnicity and indigenous presence. These newer identities gained political expression through social movements – an associational form that was common in the nineteenth century. Those that continued to the end of that century were largely absorbed by the mass parties.

These (renewed) political formations progressively won broader political standing alongside the major parties. However, the same major political parties continued to dominate the formal political structure. They have primarily mediated the evolution of Australian politics since the 1970s. Yet over this same period, their mobilising capacities and their capacities to be catalysts in the development of public opinion have contracted significantly. Party organisations ceased to make any contribution to the mobilisation of identities in the strategic phase of the issue cycle. Not did institutional capacities develop elsewhere in the political system to compensate for their declining role.

In sum, this section argues that two factors have combined to shift democratic governance towards the ‘thin’ pole. The first involves changed political institutional capabilities: specifically, erosion of the roles of the major party organisations in the strategic phase of the issue cycle. This has reduced the engagement and mobilisation capabilities of the broader political system. The second factor involves the rise of neo-liberal accounts. Following this perspective, political elites have interpreted the political ‘problem’ as ‘too much democracy’, not as one of diminished institutional capabilities.

Accounts.

Although the accounts championed by the social movements are relevant for a full exposition of the contemporary pattern, this section focuses on the accounts
championed by the major parties. This is because of their dominant role in the formal political system. In fact, both major parties have espoused the neo-liberal account. This world-view has a number of core strands relating to identity, participation, the effectiveness of governments, the role of markets and the status of interest groups and social movements. The following is a condensed summary of a considerable and developing body of scholarly research and polemical essays. The neo-liberal movement emerged in Anglo-American societies in the 1970s in the context of the economic disruptions associated with the oil shocks, the costs of the Vietnam war and the power of organised labour to protect and advance its interests (e.g. Steinfels, 1979; Kelly, 1992). It involved the application of neo-classical economic postulates to political relationships and dynamics. A fundamental postulate concerned citizen identities. Neo-liberal theory accorded legitimate political standing only to individuals. Further, it viewed democratic governance conservatively. Participation beyond a relatively limited point was held to be incompatible with liberal democracy. Schumpeter (1976) had earlier judged participation beyond periodic voting to be incompatible with effective governance. In the face of the democratic surge associated with the rise of the new social movements and opposition to the Vietnam war, this proposition was vigorously reasserted (Crozier, Huntington and Watanabe, 1975).

Second, neo-liberal theorising judged democratic governance to be an ineffective choice mechanism. This was partly because of its openness to ‘capture’ by organised interests and partly because of the aggrandising tendencies of public bureaucracies (Olson, 1965; Brittan, 1975; Downs, 1967). Politicians, who were prey to these pressures, were mostly less effective decision-makers than experts (like central bankers) who were more insulated and more likely to follow the dictates of ‘economic rationality’ (Brittan, 1975, p.).

Third, according to neo-liberal theory markets were invariably more efficient settings for allocation and coordination. Information and agency problems bedevilled political and public sector choice processes. For their part, government monopolies were prone to inefficiencies in scale and scope and to lack incentives to seek productivity gains. Further, monopoly provided services were more likely to be tailored to the interests of service providers than to those of consumers.
Finally, organised interests were found to be inherently selfish and self-serving. Organisation, which is a costly and demanding activity, would only be undertaken by those who saw the prospects of sectional pay-offs at the expense of wider public interests (Olson, 1965). In sum, neo-liberal theory ‘demonstrated’ the malign role of interest groups, the imperial ambitions of bureaucrats, private interest capture of public regulators, information limitations in the public sector, and provided a negative account of public choice by comparison with the benign outcomes of private or market choice.

This ideology or ‘mental model’ (Denzau and North, 1994) provided the foundation for rhetorical and policy approaches that were progressively adopted by political and bureaucratic elites. It has created ‘technologies’ for the latter and suggested rhetorics for the former. In particular, the neo-liberal conception of individuals as the only legitimate unit has encouraged rhetorics of the left and right that are broadly populist in character. Taking Prime Minister Blair as an example, Peter Mair has surveyed forms of left populism (2002). This has involved an emphasis on individual citizens, their engagement in various oversight roles, support for referenda, and various applications of popular election as a choice mechanism. Representative organisations have been discounted. It has also involved a pragmatic commitment to improving public services for consumers, with markets as the preferred means. Meantime, on the right, Shaun Wilson and Ann Evans have explored another form of populism, namely wedge tactics. Their study covers the Australian election of 2002, but the broader implications are explored (forthcoming; also Marr and Wilkinson, 2003). Whilst not directly attributable to neo-liberal theory, the general ‘thinning’ of democratic governance, which neo-liberalism has masked, has enhanced the possibility and attractiveness of such tactics.

Policy Outcomes:

Implementation of the neo-liberal economic agenda after 1983 followed a period of uncertainty amongst political and bureaucratic elites. They were groping for an intellectual framework with which to interpret emerging domestic and economic circumstances. The need for new policy approaches was framed by economic globalisation, including the accelerated development of international production
networks and of capital markets. Neo-liberals argued these developments limited state capacity.

Following strong domestic advocacy by newly established neo-liberal think tanks and by international agencies such as the OECD, the neo-liberal account of state capacity gained increasing currency (Kelly, 1992). The election of the Labor Party in 1983 marked a decisive turn in Australia’s political agenda. The major measures introduced immediately included floating the exchange rate and capital market liberalisation. Labor attempted to switch taxation from income to consumption in 1984 but failed in the face of business and trade union opposition. Tariffs were progressively wound back from 1988. The effective rate of protection for manufacturing industry decreased from around 38% in 1969 to 5% in 2001 (Edwards, 2000, p. 21). Government assets were progressively privatised, a process initiated by Labor and continued after 1996 with even greater enthusiasm by its conservative successors. The assets involved included domestic and international airlines, the national telecommunications carrier, a major government owned bank, a development bank, the dominant health insurance agency, the national shipping line, airports and a host of smaller authorities and agencies.

A new competition policy regime was introduced in 1995, which has since progressively unfolded and has embraced both public and private sector services. Labor also began the shift of the wage system away from judicially based determinations towards enterprise bargaining, a process that has been enthusiastically accelerated by its conservative successors. The Labor program was initially introduced in conjunction with a quasi-corporatist style incomes policy (Singelton, 1990). However its influence progressively diminished until its effective abandonment from 1992. The Labor government maintained the social security system, although targeting was enhanced. A universal health system was reintroduced in 1986.

The election of a Liberal government in 1996 consolidated and extended the neo-liberal program. Public service numbers were further drastically reduced. A consumption tax was finally introduced. Quasi-market forms of competition were introduced to welfare services. Privatisation was extended. In sum, the policy agenda
that has been pursued since 1983 conforms precisely to neo-liberal interpretation of history.

Political Institutions.

This section argues political institutional capacities have weakened at a time when the multiplication of identities required their reconfiguration. This requirement has however been masked by the rise of neo-liberalism. On the contrary, there has been a kind of ‘happy’ juncture between weakened political institutions and the rise of neo-liberalism since the latter has masked the former. Further, as noted earlier, neo-liberalism has been the basis for ‘left’ populism and it has at least facilitated the rise of ‘right’ populism. Populism, in whatever mode, is the handmaiden of ‘thin’ democratic governance. The following paragraphs review the decline of political institutional capacities and the rise of the media as intermediary agents. The rise of ‘left’ and ‘right’ populism as a mobilising strategy in then linked back to these developments.

Change in political institutional capacities has mostly resulted from change in the roles of major party organisations. This has involved at least five dimensions: internal policy development processes; membership; voter identification, general community support and cueing power; interest aggregation; and the orientation of party managers. First, the standing and influence of party organisational wings has weakened and that of the parliamentary leadership increased. In recasting its agenda, the Labour Party parliamentary leadership often found it expedient to by-pass formal party forums. Conferences and councils progressively became stage-managed affairs. Federal

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4 In contrast, Rod Rhodes argues that three developments have at least partially renewed linkages between political formations, citizens and the state. ‘First, the forms of civic engagement have changed so citizens no longer engage in classic representational activity. Rather they deal directly with the state (e.g. as contract manager, lobbyist) at those points in their daily lives when they come into contact with it – i.e. service delivery. The state learns and accumulates, knowledge from these encounters. Second, the state devises its own means for identifying and aggregating the interests of citizens – e.g. the vast array of consultative practices. Third, function specific policy networks based around government departments aggregate interests and are used by government to produce agreement around specific policy issues’ (personal communication). This is an empirical issue, which requires substantially more evidence than can be assembled within the framework of this paper. I would however speculate that the substance and, to a large degree, the form of these encounters is governed by the neo-liberal account. To that extent they fall short of ‘thick’ democratic governance. Further, the principal requirement in varying this outcome is not change in the myriad patterns of day-today encounter, but rather in the broader ‘public conversation’, which frames (provides the context for) these many and varied interactions.
Conference challenged the political leadership twice in the 1980s but not at all in the 1990s. For its part, the Liberal party has turned from defence of the status quo to being a (the principle?) advocate of policy change. In the process, it has largely jettisoned its social-liberal wing and thus weakened its encompassing capacities (Ward, 1994).

A second change involved the mobilising capacity of party organisations. Party memberships have collapsed. Labor membership has wavered between 40-60 000 since 1972, with current membership estimated at under 50 000 (Weller and Young, 2000, p. 158; Jaensch, 2002, p. 19). Combined major party memberships now total less than 1% of the electorate compared with over 15% in the mass party era.

Third, the electoral and general standing of the major parties has eroded. The number of electors casting a first preference vote for other than the major parties in the House of Representatives has doubled from around 10% in the 1970s to around 20% in 1998 and 2001. Over the same period, the proportion voting for other than major parties in the Upper House (Senate) increased to around 25% in 1998 and 2001. Further evidence of the weakening role of the major parties is provided by trends in party identification, for so long the sheet anchor of the stability of the Australian political system. The number of Australians without a party identification has increased from roughly 2% in 1967 to around 17% in 1997 and 16% in 2001. Further, the number acknowledging only weak identification has increased from 23% in 1967 to around 36% in 1997 and 29% in 2001. Thus around half of the electorate have no or only weak identification with one or other of the major parties. The public standing of the parties has also diminished. For example, 68% of respondents to the AES survey regarded parties as necessary but 76% indicated they did not think parties care about the views of ordinary people (Jaensch, 2002, p. 9). Erosion of their electoral standing has also diminished the capacity of party labels or brands to cue public opinion. This is a particularly significant trend if party labels are relied on as a primary cue for citizen attitudes. Convergence in policy agendas between the major parties may have contributed to this outcome.

Fourth, the major party organisations have lost their roles in agenda setting and activist mobilisation. Agenda setting has largely moved from the major parties to the
social movements. Every wholly new item on the political agenda in the past decade or so has originated with one of the social movements, not the major parties (Marsh, 1995, Chp. 3). The social movements have proliferated in the post-70s period and have constituted a new site for the mobilisation of activists. The women's, environment, gay, Aboriginal, consumer, multi-cultural, so-called 'new right', republican and so forth movements were all organised independently of the major parties.

Fifth, major party organisations have largely jettisoned interest aggregation. Established organisational linkages - the trade unions with Labor and business with the Liberals - weakened. In the absence of sharp ideological differences, loyalties and linkages have become more fluid. Meantime, as noted earlier, disinclination to deal with groups was reinforced in the major parties by the fashionable economic ideology, public choice theory, which caste interest groups as selfish and self-serving, and disputed their representational legitimacy.

Finally, the orientations of party managers have shifted (Mills, 1986). Party managers ceased to be only or primarily organisational loyalists. Professionals in public opinion polling, marketing and advertising techniques displaced the latter. Direct marketing, polling and media advertising and packaging promised to make organisational policy development activities and the associated membership bases dispensable (but see Scarrow, 1996). Clever marketing, focussed on the parliamentary leadership, could, it was imagined, sufficiently compensate for weakened party identifications amongst electors. Indeed conferences, large memberships and internal policy development processes came to be seen as constraints on the political leadership. Liberation from them allowed the parliamentary leadership to reach out directly to electoral opinion. Sophisticated marketing techniques seemed capable of delivering the required outcomes in mass opinion formation. Meantime, in the absence of constraining party organisations, party leaders could pitch their appeals directly to electors via the media.

A direct reach to the electorate via the media is clearly one viable approach to building public opinion. But it is suffused with constraints. Media requirements for a punchy ‘grab’ and their short attention spans distort presentations. The media face commercial imperatives, which are not necessarily consistent with the development of
a prudent public opinion. Above all, a focus of public debate on party leaders limits the scope of deliberation, vests executive prestige in all policy announcements and foreshortens the time available for developing public and interest group opinion. The quality and depth of public political debate has arguably diminished significantly. An under-developed public opinion leaves populism and ‘wedge’ tactics as primary strategies of mobilisation.

Hypothesis IV: The renewal of democratic governance requires the development of political institutional capabilities: specifically, a transparent, strategic phase in the issue cycle.

The developments reported in the previous section describe the ‘thinning’ of democratic governance. Over this same period, its context has also varied. There has been significant change in the pattern of identities and this has been expressed in a multiplication in the number of organised political formations. Indeed, the general proliferation of interest groups and social movements is arguably the single most significant change in the character of post-war domestic politics. The social movements in particular signify a new differentiation in citizen identities (e.g. gender, ethnicity, environmentalism etc). These mostly augment, and on some issues displace, older class based cleavages. It is hard to overstate the degree to which Australia has become a group-based community. The array of organised actors on any issue is legion. These groups vary enormously in size, budgets, political skills, organisational sophistication and campaigning capacities. But the major ones are as effectively organised as the major political parties. These groups have stimulated imitators advocating new issues (e.g. euthanasia, legalised heroin, a republic) or defenders of traditional approaches (e.g. shooters party, monarchists, anti-abortion, anti-euthanasia etc groups).

As a consequence of the multiplication of political formations, the locus of agenda development has shifted and activists are detached from especial allegiance to one or other party. Agenda development has largely ceased to be an internal process. Party forums are not the principal arenas for activists. Internal processes have not provided the medium for testing the acceptability of proposed strategic issues or for seeding opinion formation. The initiative has moved elsewhere. Public opinion has been
framed through public campaigns by activists, and through the resultant media attention. This has been used to pressure the parliamentary leadership of the major parties to adopt new agendas. The success of these campaigns has significantly widened the national political agenda and raised the importance of public opinion formation.

Meantime, three developments have combined to diminish democratic governance. First, as signified by the rise of interest groups and social movements, identities have multiplied and differentiated. Second, systemic agenda setting, interest integrating and opinion framing capacities have eroded. These were formerly mostly contributed by the major party organisations. Third, neo-liberalism has masked these developments. In consequence, identities, accounts and institutions are increasingly misaligned. This particularly affects the ability of the political system to mobilise identities and engage them in governance processes that might better match identities and capabilities. A strategic phase in opinion formation and interest mobilisation was critical to this outcome. Changing roles of major party organisations have largely robbed the broader policy making system of these capabilities.

How might democratic governance be renewed? The encompassing ideologies that animated the major parties were foundations for the mobilisation of identities and the integration of interests. Encompassing ideologies provided the rationale for affective ties to the general public. These encompassing ideologies have been jettisoned and there is scant prospect of their renewal. Mass parties also contributed critically through their internal policy development processes. Internal policy development processes socialised interest groups and political elites reciprocally about accounts, situations and capabilities. But party organisations cannot recover these roles. For a start, no new encompassing ideologies are in prospect. None of the possible candidates (e.g. feminism, environmentalism) are sufficiently resonant and neo-liberalism discounts identities beyond that of an individual.

In rebuilding democratic governance, March and Olsen’s ‘thick’ model indicates the general design requirements. The alignment between identities accounts and political institutions needs to be renewed. In more differentiated and fragmented societies, the paramount requirement is a richer or more elaborated public conversation about
policy frameworks. In turn, this requires an institutional structure capable of mediating the strategic or agenda entry phase of the issue cycle. To achieve the required impacts, this would need to be set in a wholly ‘political’ context. The political setting should ‘force’ protagonists to justify their positions in public forums through accounts that link identities to situations and capabilities. Interactions between protagonists would provide the basis for the development of opinion and ultimately for the formation of ad hoc synoptic accounts (e.g. on global warming; the development of science based industries; refugee policies). In the particular configuration of political institutions in Australia, a parliamentary committee structure located in the (unusually powerful) Upper House, and backed by appropriate staff, funding, standing and ‘mental models’ may be an appropriate remedy. I have explored this possibility elsewhere (1995). Institutional remedies in other settings would be contingent on ‘local’ arrangements. But how relevant are issues of declining democratic governance to other polities?

**Generalising the Australian Case.**

Does the Australian case, briefly sketched in the preceding section, offer lessons that may have more widespread application? Literatures on parties and party systems, on voting, and on interest groups and social movements are all suggestive. The literature on parties in western states traces their organisational and functional evolution. In place of the mass form, a succession of ideal types has been proposed—viz. catch-all, electoral professional, cartel, franchise (Mair, 1997). These terms mark the

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5 Oliver MacDonagh describes analogous dynamics in his account of policy making processes in the nineteenth century in the UK, before the development of mass parties: ‘After 1820….Select Committees were used with a regularity and purpose quite without precedent. It is difficult to overestimate the importance of this development. Through session after session, through hundreds of inquiries and the examination of many thousands of witnesses a vast mass of information and statistics was being assembled. Even where (as was uncommonly the case) the official enquiry was in the hands of unscrupulous partisans, a sort of informal adversary system usually led to the enlargement of true knowledge in the end. A session or two later the counter-partisans would secure a counter exposition of their own. All this enabled the administration to act with a confidence, a perspective and a breadth of vision which had never hitherto existed. It had also a profound secular effect on public opinion generally and upon parliamentary public opinion in particular. For the exposure of the actual state of things in particular fields was in the long run probably the most fruitful source of reform in nineteenth century England.’ Oliver MacDonagh, Early Victorian Government, 1830-1870, Holmes and Meir, New York, 1977, p. 6. For alternative views see Hart, J. (1965) 'Nineteenth Century Social Reform: a Tory Interpretation of History', Past and Present, No 31: 39-61; and R. A. W. Rhodes, 'State-building without Bureaucracy' in I. Budge and D. McKay (eds.) Developing Democracy: research in honour of Jean Blondel (London: Sage, 1994): 165-88. I thank Rod Rhodes for these references.
progressive erosion of organisational functions aimed at representation, interest 
aggregation and broader opinion formation and mobilisation. Other studies reinforce 
these findings. For example, after an exhaustive survey of major parties in OECD 
states, Dalton and Wattenberg register concern at the implications of these changes 
for ‘key democratic functions’, in particular general ‘mobilisation, socialisation and 

Literatures on the attitudes of citizens towards politics and voting are also pertinent. 
Studies that cross all the developed democracies find uniformly high levels of citizen 
support for democratic systems, but substantial citizen ‘disaffection’ from current 
partisan practices (Pharr, Putnam and Dalton, 2001, pp. ). The disjunction between 
citizen aspirations and the preoccupations of political elites is proposed as a primary 
cause of this outcome (p. ). Other studies find citizens in the advanced democracies 
are less inclined to form their political views on affective grounds and more inclined 
to rely on judgments that are cognitively based (Norris, 1999).

A third stream arises from the literatures on social movements and interest groups. 
The literature on social movements affirms citizen engagement in these political 
organisations has continued at high levels (Skocpol and Fiorina, 1999; Edwards et al. 
2001). Their importance as agents of participation and representation and their 
reliance on direct action as a primary means of mobilising public opinion has been 
noted (Tarrow, 2001). Meantime, the literature on interest groups affirms the ubiquity 
of these formations along with, at least in some contexts, the unstable character of 
their relations with the state (Rhodes, 1997; Richardson, 2000; but also Scharpf and 
Schmidt, 1999; Rothstein and Steinmo, 2002). Together, these literatures point to the 
vitality of citizen representative activity at levels below those of the major parties, but 
also to the limitations on representation and/or governance associated with present 
opportunity structures. Taken together, these literatures a participation gap of 
troubling proportions is present in most mature democratic states.

Other institutional developments that affect the alignment between identities and 
capabilities are also pertinent. A renewal of corporatist arrangement in a number of 
smaller European states points to means by which trade unions and employers may be 
reconnected to the polity. But groups and movements are now ubiquitous. It is not clear
how successfully these corporatist arrangements are in accommodating other formations. In any case, the policy developments that are reviewed are mostly informed by neoliberal conceptions of state capacity (e.g. Visser and Hemmerick, 1997; Scharpf and Schmidt, 1999; Pierson, 2001; Rothstein and Steinmo, 2002). Further, outcomes are variable. For example, where Denmark and the Netherlands are judged to have negotiated change successfully, Sweden and Germany are found to have been less successful. None of these studies focuses specifically on the impact of party change. Nor do they indicate how far institutions embrace new social movements (e.g. Dryzek, 2001).

A related literature concerning the ‘varieties of capitalism’ seems even less sanguine about the prospects for democratic governance. Stewart Wood (in Hall and Soskice, 2001) offers a particularly conservative assessment of state capacity. He argues that a state can /should only pursue (economic) policies that ‘conform to the institutional comparative advantage of its particular market economy’ (p. 274). This analysis attributes decisive influence to capital. Further, its interest is interpreted as static, albeit (as a consequence of path dependence) variable between countries. The general model has been criticised theoretically for its over-rigid determinism and its over-stylised categories (Crouch and Farrell, 2002). Yet its elegant logic and impressive explanatory power give it great influence and considerable practical force and reach. Are the promises of democratic politics so easily subverted? A ‘thin’ model of participation and state capacity reinforces the structural power of capital. Yet the uncertainties associated with economic adaptation suggest a focus on capabilities could be a powerful pivot on which to base the engagement of capital.

Finally, recent literatures on public policy are also pertinent. Some suggest that a positive recasting of programs is now required. What is proposed goes far beyond the neo-liberal vision. These positive policy proposals invite attention to how much a contemporary state can promise to its citizens. Is it possible to promote positive and ambitious state roles (e.g. to ameliorate inequalities, build citizen capabilities, counter unemployment or act as a catalyst in advancing economic development)? A variety of policy specialists have recently made this case. To cite only three examples: in social policy, Esping-Andersen (2002) suggests post-industrial society requires a wholly new welfare framework building from the needs of children. Scharpf (1997) has noted the
critical role of service sector jobs in employment creation. He argues that state leadership is essential if job creation is to occur without increasing inequalities and employment traps for un/low skilled people. Finally, assuming it is less vapid than it seems, extension of democratic engagement is central to the so-called ‘third way’ (Giddens, 2000). None of these outcomes seem possible in the absence of a substantial extension of democratic governance capabilities. Yet how this is to be accomplished remains to be specified.

In sum, there is strong evidence of a participation gap, there is strong evidence of a cognitive turn in the terms on which many citizens relate to politics, there is clear evidence that the role of political parties has diminished and that the role of the media has grown, albeit in ways that promote only shallow engagements. Finally, there are proposals for building the positive role of the state that cut across the neo-liberal vision of state capacity. A renewal of democratic governance offers to remedy these deficiencies and to provide a platform for more ambitious state roles.

The argument developed in this paper might be summarised as follows. Systemic capabilities for representation and participation have declined. This has been caused partly by a transformation in the pattern of identities and partly by the change in major party roles (from ‘mass’ to ‘cartel’). It has also been caused by the erosion of expressive and affective ties that formerly ‘created’ party loyalists, and that endowed ‘mass’ parties with their influence and cueing power. Fewer citizens are now strong party loyalists and many now make political choices on ‘cognitive’ grounds. The renewal of representation and participation thus raises fundamental issues of institutional design. The loss of party roles, the differentiation of citizen identities and the change in citizen orientations are fundamental considerations. Remedies involve a change in the institutional structure. This should allow the progressive development of ad hoc synthesising accounts that better match identities, situations and capabilities. In particular, a strategic phase in the issue cycle needs to be introduced in a ‘political’ setting.

Meantime, the salience of issues of institutional design has been obscured by another contemporary development, the rise of neo-liberalism. Neo-liberal theory claims to advance a universal account of motive and choice. In this perspective, interest groups
and social movements are narrowly self-seeking formations (Olson, 1965). Democratic political choice is discounted as inherently defective (Brittan, 1975). ‘Excess’ participation (the ‘democratic surge’ of the 1960s and 1970s) is held to jeopardise state effectiveness (Crozier, Huntington and Watanabe, 1975). Neoliberalism is the dominant ideology amongst political elites, at least in the English-speaking world, and perhaps more generally. This conservative ideology has facilitated the rise of populism in one or another version. Its flawed universalism has masked the issues of institutional design that are the real sources of democratic ‘crisis’ and ‘disaffection’ (i.e. Huntington, Crozier and Watanabe, 1975; Pharr, Putnam and Dalton, 2000).

Peter Evans (1997) concludes an assessment of ‘stateness’ by pointing to the powerful contemporary role of neo-liberal ideologies. These have framed elite attitudes about both the international and domestic role of the state. The neo-liberal narrative creates the negative atmosphere which presently surrounds many assessments of state capacity and dictates the likely negative response of political elites and officials to periodic crises: ‘What the current global ideological environment does is to ensure that responses to a genuine crisis of capacity will be defensive. Strategies aimed at increasing state capacity in order to meet rising demands for collective goods and social protection look foolish in an ideological climate that resolutely denies the state’s potential contribution to the general welfare…The problem of closing the capacity gap is redefined as a project of constructing a leaner, meaner kind of stateness.’ In his view, participation is the key to a renewal of state capacity. This requires ‘a very different configuration of state-society relations, and a correspondingly different kind of stateness, one founded on relations of mutual empowerment between state institutions and a broadly organised civil society’ (p. 86; also Seabrooke, 2002). March and Olsen provide a framing that offers substance to these reflections. Its implications for institutional design and political practice, sketched here in a tentative and preliminary assessment, are as radical and far-reaching as neo-liberalism once seemed. It would be surprising if a renewal of democratic governance demanded less.
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