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In search of the Australian dole bludger

Constructing discourses of welfare, 1974-83

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A thesis submitted for the degree of Doctor of
Philosophy of the Australian National University

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Declaration

I hereby declare that this thesis is the result of my own independent research and that all authorities and sources used are duly acknowledged.

A handwritten signature in black ink, appearing to read 'V. Archer', with a long horizontal flourish extending to the right.

Verity Archer

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This thesis is dedicated to the people of Burnie, Tasmania.

Abstract

This thesis argues that the invention of dole-bludger discourse in 1974 was part of a broader struggle to replace Keynesianism with New Right economics. It uses a Gramscian framework to situate its argument and draws primarily on parliamentary debates, press articles, and the publications of economic think tanks for evidence.

In 1974 Australia experienced the simultaneous rise of unemployment and inflation. Economic think tanks and business organisations constructed this economic 'stagflation' as a crisis in need of a radical cure, and proposed remedies in the form of a decreased welfare state. In doing so they actively adopted an American New Right project that had been under construction since the late 1960s. This project was translated into an Australian vernacular through media and parliamentary discourse. As part of this process the 'Australian taxpayer' was placed in discursive opposition to the newly invented 'dole bludger'. The importation of 'new class' discourse created another dichotomy, between taxpayers and welfare workers, or supporters of the welfare state more generally. Welfare was represented as the cause of economic problems rather than their cure. Dole-bludger discourse therefore rendered illegitimate the economic justice claims of the unemployed, focusing instead on the taxpayer as 'victim'. In doing so it separated workers from the welfare state and from the Left.

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Abbreviations

AABO	Assembly of Australian Business Organisations
ABS	Australian Bureau of Statistics
ACCA	Associated Chambers of Commerce in Australia
ACOA	Administrative and Clerical Officers Association
ACOSS	Australian Council of Social Services
ACP	Australian Consolidated Press
ACTU	Australian Council of Trade Unions
ACU	American Conservative Union
AEI	American Enterprise Institute
AFDC	Aid to Families with Dependent Children
AmCham	American Chamber of Commerce in Australia
CAPU	Coalition Against Poverty and Unemployment
CDEP	Community Development Employment Projects Scheme
CES	Commonwealth Employment Service
CIS	Centre for Independent Studies

CoPS	Centre of Policy Studies
CYSS	Community Youth Support Scheme
DSS	Department of Social Security
EA	Enterprise Australia
HWT	Herald and Weekly Times Ltd.
IEA	Institute of Economic Affairs
IPA	Institute of Public Affairs
LCP	Liberal Country Party
OECD	Organisation for Economic Co-operation and Development
OEO	Office of Economic Opportunity
OPEC	Organisation of the Petroleum Exporting Countries
REDS	Regional Employment Development Scheme
SSAT	Social Security Appeals Tribunal
UWM	Unemployed Workers Movement
UWU	Unemployed Workers Union
VCOSS	Victorian Council of Social Services
WEL	Women's Electoral Lobby

YAF Young Americans for Freedom

Introduction

The invention of the term 'dole bludger' in 1974 marks a pivotal point in Australian welfare state history. Prior to this point, discursive constructions of the unemployed drew upon the figures of the 'deserving' and 'undeserving' poor, prominent throughout the 1930s Depression and in the decades of 'full employment' leading up to 1974. This new term constructed welfare recipients as parasites upon 'ordinary Australian' taxpayers and in doing so embodied an ideological and discursive shift occurring in relation to the welfare state. These new cognitive frames reflected an emerging struggle to define economic 'common sense' taking place in all western economies throughout the 1970s. Together the construction of new cognitive frames and the shift of institutional resources away from Keynesianism led to the fundamental transformation of welfare policy and discourse in Australia.

Throughout this thesis I will argue for an inclusion of dole-bludger discourse within our broader understanding of Australia's shift to neo-liberalism. I will argue that the construction of the 'dole bludger' as the financial burden of the 'taxpayer' has been a vital part of a wider project to construct neo-liberal parameters for economic debate and to gain the consent and collaboration of workers in doing so. I will also argue that supporting discourses that constructed 'big government', bureaucracy and 'welfare elites' as participants in the taxpayer's financial burden bound workers to the welfare agendas of the New Right, a group united in their commitment to dismantling the welfare state in favour of market allocation.¹

Finally this thesis will argue that although these discourses existed prior to 1974, they were, at that time, peripheral. The worldwide stagflation enabled a radical New Right network to declare a state of 'economic crisis' and to provide a necessary 'cure'. This allowed the network to shift from the periphery, to incorporate its agenda into mainstream civil society and to compose an 'historic bloc', a network of actors within politics, business, media and education that together affected welfare ideology in a neo-liberal direction. In one sense then, this is an 'historical turning point' thesis. It begins its examination of Australian conceptions of the welfare state in 1973, focusing

¹ The ideological composition of the New Right is discussed in more detail below

centrally on the stagflation of 1974 and the opportunities created by and awarded to the New Right during this 'crisis' and throughout the following decade. It draws on historical research up to the election of the Hawke Labor Government in 1983. This decade can be classed as a 'formative period' for the New Right in Australia. The question that remains is what role does the 'dole bludger' play in its formation?

A history of bludgers

The term 'dole bludger' is indigenous to Australia and New Zealand.² Both 'dole' and 'bludger' are terms essentially confined to Australasia. In America for example we see equivalent terms such as welfare chiseller and welfare queen,³ with their own distinct meanings and gender connotations, used by New Right actors to similar effect, whereas in the UK the term 'welfare scrounger' is common.⁴ These terms all have their own genealogy and bring with them meanings specific to the people of the nation in which they are used, by this means giving a 'national character' to anti-welfare discourses. However, they hold in common the fact that they all have been used by the New Right to render illegitimate social justice calls for welfare state expansion.

From its earliest origins the Australasian 'bludger' has been placed in opposition to the discursive category of worker, and for this reason the term resonates with the Australian working class in a way that terms like 'scrounger' and 'chiseller' do not. The bludger in its various forms is the antithesis and the enemy of the worker. The bludger lives off the worker's effort and gives nothing in return. The relationship between the two categories is parasitic and exploitative, and for this reason the term conjures feelings of resentment and injustice among the working class. Throughout its various etymological twists and turns it has maintained these elements.

² HW Orsman, (ed.), *The Dictionary of New Zealand English: A Dictionary of New Zealandisms on Historical Principles*, Oxford University Press; Auckland, 1997; WS Ramson (ed.), *The Australian National Dictionary: A Dictionary of New Zealandisms on Historical Principles*, Oxford University Press, Melbourne, 1988

³ The term 'welfare queen' was popularised during the Reagan administration. The famous monetarist Milton Friedman was the first to use the term in his book, referring to '...well-publicised reports of welfare 'queens' driving around in Cadillacs bought with multiple relief checks'. Milton and Rose Friedman, *Free to Choose: A Personal Statement*, Harcourt, Brace, Javanovich, New York, 1980, p.136.

⁴ For an examination of the 'welfare scrounger' see Peter Golding and Sue Middleton, *Images of Welfare: Press and Public Attitudes to Poverty*, M Robertson, Oxford, 1982

In Australia as in the UK and America, the term 'bludger' was originally used to describe a prostitute's pimp, chiefly due to the pimp's weapon of choice - a bludgeon. Other forms of the word bludger draw their connotation from this meaning, in essence describing the 'exploiter' in a relationship of economic exploitation. The prostitute in relation to her bludger was termed a 'battler'.⁵ The relationship between the bludger and the battler, while transposed from about 1900 onwards to apply to wider economic categories, has maintained its original meaning. The bludger extracts financial benefit from a worker while exerting no work effort, but the 'battler' who is coercively bound to this relationship 'battles on' for financial survival. This specific meaning of the word 'bludger' continued to apply well into the twentieth century, with the most recent example appearing in the Sydney Fairfax paper the *Sun-Herald* in 1993,⁶ but during the twentieth century others were detected as having a 'parasitic' relationship to the worker and consequently named as 'bludgers'. In countries outside of Australasia, the term 'bludger' slipped from common usage at the turn of the century. In Australia and New Zealand the modified version of the term gained popularity among the working class and has been applied variously to the present day.

Drawing on the original connotation, the term 'bludger' was commonly applied throughout the twentieth century to anyone seen to 'evade one's own responsibilities and impose on or prey upon others; to live off the efforts of others' or to 'one who does not make a fair contribution'.⁷ This version of the bludger was most often found to 'bludge' in work, and not outside of it. Manual workers used it as a term of abuse to describe fellow workers who were seen to exert less effort than others. An example of this appears in John Spicer's *Cry of the Storm Bird* in 1958: 'he always appeared to be in the act of lighting a cigarette or sharpening his axe. This gave Rob a feeling of angry satisfaction "Bludging over there while I'm working like hell", he thought.'⁸ The bludger among a group of workers is also seen to possess 'unmately' and therefore dishonourable characteristics. He cheats his workmates by coasting while

⁵ Australian National Dictionary Centre, *Australian Words*, viewed 13 April 2006, http://www.anu.edu.au/andc/aewords/aewords_ab.php

⁶ 'The judge fined Rahme, who had no previous convictions, \$10,000 on the bludging charge, holding that "his income stems from and depended upon the exploitation of a large number of women".' *Sun-Herald*, 19 December 1993, cited in GA Wilkes (ed.), *A Dictionary of Australian Colloquialisms*, Oxford University Press, South Melbourne, 1996, p.38.

⁷ WS Ramson (ed.), *The Australian National Dictionary: A Dictionary of Australianisms on Historical Principles*, Oxford University Press, Melbourne, 1988, p.68.

⁸ John Spicer, *Cry of the Storm Bird*, Heinemann, London, 1958, cited in Ramson (ed.), p.68

other workers are forced to pick up the slack. In essence then, a portion of the value of a worker's labour goes to the 'bludger' and the worker sees this as a form of economic injustice.

Radical workers also defined capitalists as bludgers placing them in opposition to the 'battler' worker from whom the capitalist extracted his wealth.⁹ More common however was a construction of the white-collar worker as a 'bludger' living on the back of the blue-collar worker. This bludger, unlike the workmate who merely 'coasted', was seen to live in luxury at the expense of the worker and to falsely regard himself as superior. In 1910 for example we see in the Sydney newspaper *Truth* reference to non-manual labourers as a 'blackguard band of blatant, bumptious bummers and bludgers, who bum and bludge on Labour',¹⁰ while in the 1967 play *This Old Man* by Dorothy Hewett we see: 'The working class can kiss me arse for I've found a bludger's job at last'.¹¹ Alex Buzo, one of the first people in Australia to popularise the term 'new class' in relation to white collar workers,¹² also wrote in 1969 of bludgers living in luxury and possessing an unfounded sense of superiority: 'I don't like those la-di-da hoity-toity upper-crust bludgers with their fancy accents...'¹³. While this characterisation of the white-collar worker continued and gained strength after 1974, it was narrowed somewhat to apply specifically to public sector workers, particularly those within the 'social justice industry'. The term 'bludger' was less often associated with the character as it began to take on a new language provided in the form of 'new class' discourse. In 1974, the term 'bludger' was for the first time applied to unemployment benefit recipients, and in the decade that followed this application dominated.

While the Australian National Dictionary traces the term 'dole bludger' back to an article in ACP's *The Bulletin* in 1976, the first use of 'bludger' to describe an unemployment benefit recipient extends back to March 1974, appearing in a statement made by New South Wales Premier Rupert Hamer who urged the Federal

⁹ 'That would fix the greedy squatter, the stupid banker, the bludging city merchant', Leslie Hayden, *Big Red: a Novel*, Australasian Book Society, Sydney, 1965, cited in Ramson (ed.), p.68

¹⁰ *Truth* 27 March, 1910, cited in Ramson, p.69

¹¹ Dorothy Hewett, *This Old Man*, Currency Press, Sydney, 1992 (1968), cited in Ramson (ed.), p.69

¹² Alex Buzo, *Meet the New Class*, Angus & Robertson, London, 1981

¹³ Alex Buzo, *Front Room Boys*, Penguin Books, Ringwood, 1973 (1970), cited in Ramson (ed.), p.69

Government to 'tighten controls against "bludgers"' on unemployment benefit.¹⁴ In December of the same year an article appeared in the *Sydney Morning Herald* titled 'Minister hits at dole "bludgers"'. The Minister in question was the former Anglican Dean of Sydney, the Rev Dr Stuart Barton Babbage, who supposedly uttered the term while speaking to the Scots Presbyterian Church in Margaret Street Sydney. During his sermon he also claimed that generous social security benefits had given rise to 'a generation of shameless bludgers.'¹⁵

In coining the term, Reverend Babbage gave a particular Australian character to a discourse emerging from America. This discourse, invented by the American New Right, constructed welfare recipients as the enemy of taxpayers, on whom they depended for financial survival. In the following years such a deep connection was forged between the recipient of unemployment benefit and the term bludger that 'bludger' could be used without the 'dole' prefix and automatically conjure images of benefit recipients. Prior to this year it is not possible to find any connection between the Australian use of the term 'bludger' and the receipt of social security benefits. It is also during this year that the bludger/battler relationship is first applied specifically to the relationship between benefit recipients and taxpayers, who after this point play the role of the working class. Before this, persons in receipt of the dole were referred to variously as 'shirkers', 'idlers', 'cheats', 'job dodgers' and 'swindlers', and these terms were applied throughout the 1970s, but the term 'dole bludger' as this thesis will show, emerged due to very specific circumstances present in 1974. The questions that remain are why and how did this transformation occur at this time? And, where does this fit into our understandings of Australian attitudes to welfare and economics more generally? These are the central questions of this thesis.

A crisis of hegemony

The world oil crisis of October 1973 precipitated the onset of 'stagflation' in almost every western economy. This phenomenon, named to reflect the simultaneous occurrence of stagnation and inflation within a nation's economy, defied the 'laws' of dominant post-war economic theory. To this point, the economic theory posited by the British economist John Maynard Keynes continued to be constructed as 'common

¹⁴ Bruce Baskett, 'Hit those "Bludgers" says Hamer', *The Herald*, 12 March 1974, p.1

¹⁵ 'Minister hits at dole "bludgers"', *Sydney Morning Herald*, 16 December 1974, p.3

sense'. Keynesian theory supported a process by which full employment is maintained by government intervention. Keynes claimed that by running a budget deficit, a government increases the flow of money through the economy, which in turn increases demand for goods and services. The welfare state formed an integral part of the process allowing both workers and the unwaged more disposable income to contribute toward the private market, and therefore toward the maintenance of employment. A trade-off between unemployment and inflation was the necessary result. Most of the time a delicate balance was sought. Keynesian theory was regarded as economic law and as 'the only option' for those wishing to avoid economic disaster.

In the period between the end of WWII and the oil embargo of 1973, there existed mad and unpopular economists whose ideas defied 'common sense'. Chief among them were the Austrian economist Friedrich von Hayek, the 'Chicago School' which included Milton Friedman, and increasingly toward the end of the 1960s a small population of think tanks such as the London-based Institute for Economic Affairs. These men and women seemed to ignore the new economic wisdom by proposing the implementation of economic programs that appeared a lot like *laissez faire*. While Hayek achieved some notoriety after the Second World War, Keynes's theory of demand management had since proven his theories 'incorrect'. These economists carried on building and refining their theories and practice within a small network until 1974, the year in which Hayek received the Nobel Prize for economics.

The recession of 1974 was described in the Organisation for Economic Cooperation and Development (OECD) *Economic Outlook* as 'the most serious since World War II'.¹⁶ Vietnam War spending meant that the United States had maintained balance of payments deficits while the rest of the world dealt with surpluses that caused inflation. The real boost to inflation came with the outbreak of the fourth Arab-Israeli War on October 6 1973. On 16 October the Organisation of the Petroleum Exporting Countries (OPEC) cut oil production and increased the price by 70 per cent in order to use it as a diplomatic weapon. By the June quarter of 1974 most OECD countries were experiencing inflation rates of between 10 and 20 per cent. Australia's major

¹⁶ OECD, *Economic Outlook* (nd), cited in E. G. Whitlam, *The Whitlam Government 1972-1975*, Penguin Books, Victoria, 1985, p.183

trading partner Japan experienced an inflation rate of 23 per cent. In Australia a rate of 16.7 per cent, measured by the Consumer Price Index, was recorded for the 1974–5 financial year. When measured by the implicit price deflator for domestic demand (IDFDD) it was 20.8 per cent. Throughout the 1960s inflation remained at around 4 per cent by either measure.¹⁷ Contrary to Keynesian economic expectations, unemployment began rising rapidly.

The Commonwealth Employment Service (CES) statistics for mid-1973 recorded an unemployment rate of between 1.4 and 1.5 per cent. Although this indicated a reduction in the numbers compared to the recession period of August 1972 during which the CES recorded a rate of 2.1 per cent, it was still regarded as much higher than governments had become accustomed to in the post-Depression period. From March 1974 unfilled job vacancies and overtime hours began to fall. Between June and December 1974 the numbers registered as unemployed at the CES rose from 83,067 to 240,804. Throughout the 1970s the numbers continued in the same direction.¹⁸

As Whitlam Government member Mick Young has pointed out in his book, *I Want to Work*, the CES figures are in fact too low. They record only those registered as ‘unemployed’ with the CES for unemployment benefit purposes. This excludes people looking for part-time work, people (usually women) who cannot get the unemployment benefit because a spouse or partner is working (the Australian Council of Social Services estimated that 39 per cent of unemployed women fell into this category); people living on savings until necessity requires them to apply for benefits, and persons who have been ‘lapsed’ by the CES for failing to follow rules and regulations. It also excludes discouraged job seekers, who, given the labour-market situation, have given up looking. In addition, many migrants looking for work in 1974 did not know that the CES existed. An ACOSS study found that only 55 per cent of migrant women retrenched from the clothing industry had never been to the CES.¹⁹

¹⁷ Jerry Courvisanos and Alex Millmow, ‘How Milton Friedman came to Australia: A Case Study of Class-based Political Business Cycles’, University of Ballarat School of Business Working Paper 2005/03, p.4

¹⁸ Barry Hughes, ‘The Economy’, in Allan Patience and Brian Head (eds), *From Whitlam to Fraser: Reform and Reaction in Australian Politics*, Oxford University Press, Melbourne, 1979, p.15

¹⁹ Mick Young, *I Want to Work*, Cassell Australia, Stanmore, 1979, p.59

The Australian Bureau of Statistics (ABS), relying on household surveys to calculate unemployment, found that in December 1975, the height of the 1974–5 recession, 5.4 per cent of the labour force was unemployed. The figure was higher for women and youth. Of the female labour force 7 per cent were unemployed and the figure for youth (15–19 years) was close to 14 per cent.²⁰ While the ABS figures are more reliable than the CES figures, they do exclude many discouraged workers who, given the labour market situation, have given up looking for work. The majority of these discouraged workers are married women and older workers, as well as young people who remain in school when they would otherwise seek employment. The ABS began recording statistics for this group in 1985.²¹

The fundamental nature of the crisis was not new. Stagflation had occurred and gone virtually unnoticed in 1972.²² The fact that the simultaneous rise of inflation and unemployment enabled a discourse of economic crisis to emerge had much to do with the size of the stagflation, and much to do with the strong presence of a New Right network in 1974 that had not existed in 1972. As Carol Johnson has pointed out: ‘discourses of “crisis” and “necessary change” have often been used to justify the implementation of particular political agendas... the discovery and propagation of a crisis can itself be a discursive strategy.’²³

This thesis will argue that rather than being a naturally defined ‘crisis’ to which the New Right responded, the articulation of the stagflation as a crisis requiring a drastic cure was itself part of the New Right hegemonic project. This conscious discursive strategy shifted policy goals and political language in such a way that ‘the economy’ became the principle concern, and, as Stuart Macintyre has noted in his *Concise History of Australia*, from this point on, a ‘weakening of mutuality’ and a ‘cult of selfishness’ accompanied an implicit assumption that there could be no other form of reason than the market.²⁴ In arguing this I will contradict the ‘paradigm shift’ thesis

²⁰ Australian Bureau of Statistics, ‘Unemployment Rates: The Unemployed in each Group as a Percentage of the Civilian Labour Force’, *Australia Labour Force Monthly*, ABS, Canberra, 1975

²¹ Parliamentary Research Service, *Research Note*, no. 31, 9 May 1995

²² Keith Windschuttle, *Unemployment: A Social and Political Analysis of the Economic Crisis in Australia*, Penguin, Harmondsworth, 1979, p.20

²³ Carol Johnson, *Governing Change: From Keating to Howard*, University of Queensland Press, St Lucia, 2000, p.3

²⁴ Stuart Macintyre, *A Concise History of Australia*, Cambridge University Press, Cambridge, 1999, p.247

derived from Thomas Kuhn's *Structure of Scientific Revolutions* and used by Peter Hall to describe the shift to neo-liberalism in Western economies.²⁵ This theory claims that a dominant belief system, a 'paradigm', is replaced by another set of ideas when enough significant anomalies have arisen to discredit the previous paradigm. Into this 'crisis' a number of competing frameworks step, all struggling to solve the problems and puzzles left unsolved by the previous paradigm. As chapter 7, in particular, will argue the discursive construction of stagflation as an economic crisis requiring a drastic supply side or monetarist cure was part of a New Right struggle for hegemony. It therefore represented a crisis of hegemony and not a theoretical crisis in which Keynes had simply been proven wrong.

In the words of Stuart Hall

If the crisis is deep—'organic'—these efforts cannot be merely defensive. They will be *formative*: aiming at a new balance of forces, the emergence of new elements, the attempt to put together a new 'historic bloc', new political configurations and 'philosophies', a profound restructuring of the state and the ideological discourses which construct the crisis and represent it as it is 'lived' as a practical reality: new programmes and policies, pointing to a new result, a new sort of 'settlement'—'within certain limits'. These new elements do not 'emerge': they have to be constructed.²⁶

Economists, politicians, bureaucrats, educators, media owners and journalists began, for various reasons, to participate in the construction of a new common sense, one that secured both the financial and ideological interests of capital and extended a warm hand of co-operation to the populace at large. The hegemonic process and its principal constructing forces remained the same, but the project itself reflected a moment of transition during which a 'historic bloc' began the work of disarticulating previous truths and reforming their elements into new ones.

²⁵ Thomas Kuhn, *The Structure of Scientific Revolutions*, University of Chicago Press, Chicago, 1962; Peter Hall, 'Policy Paradigms, Social Learning, and the State', *Comparative Politics*, 25, 1993, pp.275–96

²⁶ Stuart Hall, 'The Great Moving Right Show', in Stuart Hall and Martin Jacques (eds), *The Politics of Thatcherism*, Lawrence & Wishart, London, 1983, p.23

Colin Hay has pointed out that hegemonic projects can operate on varying levels. The project for bourgeois hegemony operates at a macro level, while supporting hegemonic projects such as the one to reconstruct economic common sense operate as part of this wider hegemonic project.²⁷ For this reason it has been argued by Damien Cahill that 'social agents who are not class belonging can nonetheless engage in struggles that are class relevant.'²⁸ It should be noted therefore that while this thesis will not treat the New Right as 'class-belonging' it will draw on Colin Hay's theory of interconnected hegemonic projects by examining where the construction of 'dole-bludger' discourse and its surrounding anti-welfare discourses might fit into this network.

Using Antonio Gramsci

Antonio Gramsci's theory of hegemony builds upon the work of Marx and Engels, chiefly their work on *The German Ideology*. Within this study, Marx and Engels claimed that 'the ideas of the ruling class are in every epoch the ruling ideas', and that the dominant class 'must present its interest as the common interest to all members of society, that is, expressed in ideal form: it has to give its ideas a form of universality and present them as the only rational, universally valid ones.'²⁹ Gramsci elaborated upon these ideas in his attempts to understand the nature of ruling class domination and to devise a revolutionary strategy for the working class.

Those who use his theory today argue about the best ways to read it. Gramsci's *Prison Notebooks* understandably lack some clarity. Written while Gramsci was incarcerated in a fascist prison, he engaged in self-censorship and at times coded his language in order to avoid the attention of the fascist censors. He died before they were completed. While writers such as Louis Althusser have attempted to fully theorise his work, others find the 'un-theorised' nature of his work enables them to 'borrow' from

²⁷ Colin Hay, 'Housing Policy in Transition: From the Post-war Settlement towards a "Thatcherite" Hegemony', *Capital and Class*, no.46, Spring, 1992, p.34

²⁸ Damien Cahill, *The Radical Neo-liberal Movement as a Hegemonic Force in Australia 1976-1996*, PhD Thesis, University of Wollongong, 2004, p.17

²⁹ Karl Marx and Friedrich Engels, 'The German Ideology', Robert C Tucker (ed.), *The Marx-Engels Reader*, WW Norton & Company, New York, 1972, pp.136 and 138

him without becoming a 'disciple, a ventriloquist or a believer'.³⁰ Many points are nonetheless agreed upon. It is generally agreed that hegemony is constructed by agents, that it is a process whereby common sense and national interest are inscribed upon class agendas, that it is an ongoing and forever transforming process that involves redefinition and rearticulation in line with changing material contexts, and that hegemonic projects must collaborate with the real lived experience of subordinate groups in order to have any success. In order to enrich our understanding of hegemonic projects, writers such as Stuart Hall and Damien Cahill draw on Foucaultian discourse analysis as a complement to Gramsci in their studies of the shift to neo-liberalism. This thesis differs slightly in its use of discourse, as explained below, but it will ultimately join Hall and Cahill in its use of discourse within a Gramscian framework.

Attempts to understand the shift to neo-liberalism using hegemonic frameworks are, however, quite unusual. This may be in part due to a general shift away from Marxism and class analysis within social science and the humanities. A large-scale adoption of postmodernism in academia has resulted in the abandonment of 'totalising' theories that unify social actors and attempt to understand the 'whole of society' in favour of the study of pluralities. This has depoliticised a great deal of academic work by favouring narratives of difference that, in the words of Verity Burgmann, 'conceded the possibility of multiple forms of 'difference' within any group of people sharing 'identity', creating a myriad of unending flexible, fluid and free-floating forms of identity', thus removing the conceptual tools previously used by radical social scientists to understand subordination and emancipation.³¹ For Burgmann 'the rejection of "totality" was one of the many ways in which postmodernism, other important insights notwithstanding, contributed to the inability of radical intellectuals to notice and care about important changes in the world around them'.³²

Similarly Nancy Fraser has noted that a shift from the politics of redistribution (socialism) to the politics of recognition (postmodernism) has meant that 'questions of

³⁰ Stuart Hall, 'The Toad in the Garden: Thatcherism among the Theorists', in Carey Nelson and Lawrence Grossberg (eds), *Marxism and the Interpretation of Culture*, University of Illinois Press, Urbana, 1988, p.70

³¹ Verity Burgmann, *Power, Profit and Protest: Australian Social Movements and Globalisation*, Allen & Unwin, Crows Nest, 2003, p.25

³² Burgmann, p.24

recognition are serving less to supplement, complicate and enrich redistributive struggles than marginalize, eclipse and displace them'.³³ Australian labour historian Rae Frances has likewise drawn into discussions of discursively constituted subjects, a knowledge that 'real people are not passively "constructed" by discourse but are capable of "talking back", of resisting or redefining discourses in the course of their own lives.'³⁴ The work of Burgmann, Fraser, Frances, Damien Cahill, and British 'second generation Marxists' such as Stuart Hall, Colin Hay, Tom Ling and Neville Kirk are contributing to a new style of intellectual work that attempts to reinstate what has been lost while incorporating some of the more salient insights of postmodern theory such as discourse analysis.³⁵

The introduction of Foucault's insights into discourse analysis has enriched the study of hegemonic projects. Stuart Hall and Martin Jacques have pioneered this approach in relation to the project of 'Thatcherism' in Britain.³⁶ In particular the deployment of discourse analysis has allowed an enriched understanding of how common sense is constructed through discursive formations that 'constitute their own way of acknowledging what is true and excluding what is false within their own regime of truth'.³⁷ A discourse then, as described by Miguel Cabrera, 'is a coherent set of categories which in a given historical situation, works as a basic organiser of social relations'. Discourses work to give meaning to lived experience.

Cabrera has noted the benefit of using discourse analysis to study the link between one's objective class position in relation to the material forces of production and one's understanding of that position. It is necessary, he says, 'to focus our attention on the

³³ Nancy Fraser, 'Rethinking Recognition', *New Left Review*, no. 3, May-June, 2000, pp.107-20. See also: Nancy Fraser, *Justice Interruptus: Critical Reflections on the 'Postsocialist' Condition*, Routledge, New York, 1997; *Redistribution or Recognition?: A Political Philosophical Exchange*, Verso, London, 2003, and HM Dahl, et al, 'Recognition, Redistribution and Representation in Capitalist Global Society: An Interview with Nancy Fraser', *ACTA Sociologica*, vol 47, no 4, December 2004, pp.374-82

³⁴ Raelene Frances, 'Fringe History', in Bain Attwood (ed.), *Labour Histories*, Monash Publications in History, no. 17, Monash University, Clayton, 1994, p.56

³⁵ See for example Neville Kirk, 'History, Language, Ideas and Postmodernism: A Materialist View', *Social History*, vol. 19, no. 2, May 1994; Tom Ling, *The British State since 1945: an Introduction*, Polity Press, Cambridge UK, 1998; Hay, 'Housing Policy in Transition'.

³⁶ See for example Hall and Jacques (eds)

³⁷ Hall, 'Toad in the Garden', p.51

discursive process which mediates between them.’³⁸ This is a particularly important point in relation to this thesis. By paying attention to discourse as a mediating process between experience and the ways in which that experience is understood, we can further analyse the ways in which common sense is constructed with the consent of subordinated groups. This thesis will investigate the discourses constructed to mediate between the economic experience of the working class and the neo-liberal desire to roll back the welfare state. It will seek to answer the question of how these discourses organised social relations in such a way as to fix ‘the limits of what can or cannot be experienced’ as the cause and nature of economic disadvantage.³⁹

Studies of hegemonic projects such as this thesis should not be equated with support for ‘dominant ideology thesis’. This theory is sometimes attributed to Marx and Engels. At times it is referred to as ‘mystification’ or ‘false consciousness’ theory. It argues that a ‘pervasive set of beliefs broadly serves the interests of the dominant class. The dominant ideology is then adopted by subordinate classes who are thereby prevented from formulating any effective opposition.’⁴⁰ Gramsci’s theory of hegemony argues against any such wholesale ‘adoption’ and pacification.⁴¹ Hegemonic projects are on-going struggles that can never be finalised and must constantly change to accommodate the desires and interests of subordinate groups. Hegemony is not imposed. According to Gramsci: ‘It is a vital question to obtain not a passive and indirect consent but an active and direct consent, the participation of all, even if it provokes a disintegration or an apparent tumult.’⁴² Stuart Hall’s argument against dominant ideology thesis as an explanation for the shift to neo-liberalism reflects Gramsci’s position perfectly:

Thatcherism’s...success and effectivity does not lie in its capacity to
 dupe unsuspecting folk but in the way it addresses real problems, real

³⁸ Miguel A Cabrera, ‘Linguistic Approach or Return to Subjectivism? In Search of an Alternative to Social History’, *Social History*, vol 24, no. 1, January, 1999, p.86

³⁹ Ibid., p.81

⁴⁰ Nicholas Abercrombie and Bryan S Turner, ‘The Dominant Ideology Thesis’, *British Journal of Sociology*, vol. 29, no. 2, June 1978, pp.149-150

⁴¹ Abercrombie and Turner’s suggestion that Ralph Miliband draws on Gramsci to claim there is, in Western societies, ‘a process of massive indoctrination’ is incorrect. Ibid., p.158

⁴² Antonio Gramsci, *Quaderni Del Carcere*, vol. 1-4, note 1171, cited in Christine Buci-Glucksmann, ‘Hegemony and Consent: a political strategy’, in Anne Showstack Sassoon (ed.) *Approaches to Gramsci*, London, 1982, p.119. This note is not in the truncated English translation, *Selections from the Prison Notebooks*.

and lived experiences, real contradictions – yet it is able to represent them within a logic of discourse that pulls them systematically into line with policies and class strategies of the right.⁴³

This 'logic of discourse' includes claims that 'there is no alternative' to neo-liberal policies and strategies and that neo-liberalism is good for the nation or reflects 'the national character'. These two discursive formations will be examined further throughout this thesis with a particular focus upon the use of national character discourse and the incorporation of perceived national character traits into New Right discourses in Chapter 4.

This thesis also rejects the theory that an ideology possessed by a class member is inherent within the social condition of the class, or, put another way, that 'social being determines consciousness'.⁴⁴ This theory is also attributed to Marx and stems from his work *The Eighteenth Brumaire of Louis Bonaparte* in which he states:

Upon the different forms of property, upon the social conditions of existence, rises an entire superstructure of distinct and peculiarly formed sentiments, illusions, modes of thought and views of life. The entire class creates and forms them through tradition and upbringing.⁴⁵

This notion is problematic when taken in isolation from Marx's other work on ideology, as many have done. However, it should not be discounted as an influencing factor. Class interest, class position and material factors, as Hall has pointed out, should be regarded as useful starting points in the analysis of any ideological formation 'but they are *not sufficient* – because they are not sufficiently determinate – to account for the actual empirical disposition and movement of ideas in real historical societies.'⁴⁶ Discourse analysis is a vital element to our understanding of ideological formation. One cannot be treated in isolation from the other, as it is the interaction between the two that is most important in determining how we make sense of our

⁴³ Stuart Hall, cited in Colin Hay, *Re-stating Social and Political Change*, Open University Press, Buckingham, 1996, p.139

⁴⁴ Abercrombie and Turner, p.151

⁴⁵ Karl Marx, *The Eighteenth Brumaire of Louis Bonaparte*, in Karl Marx and Friedrich Engels, *Selected Works*, Lawrence and Wishart, London, 1968, p.117–18

⁴⁶ Hall, 'Toad in the Garden', p.45

world. This particular use of discourse analysis is also a rejection of more extreme postmodernist uses of Foucault that, in the words of E.P. Thompson, reduce the world to an idealism in which 'a self generating conceptual universe imposes its own identity upon the phenomena of material and social existence, rather than engaging in continual dialogue with them.'⁴⁷ Only by remaining attentive to language *and* material conditions can we *contextualise* the emergence of new verbal frameworks such as those provided by neo-liberalism.

Using discourse analysis

The importance of discourse analysis to our understanding of hegemonic struggles cannot be overstated, but which discourse analysis is appropriate for a study of the New Right hegemonic project in Australia? As noted above, others such as Hall and Cahill have employed Foucault as a complement to Gramsci. Outside of this work a variety of approaches exist that represent a broader more eclectic use of discourse than the one intended by Foucault. In fact, as Carol Johnson has pointed out 'the term "discourse"...is one that can be used legitimately in a variety of ways. There is no clear 'correct' usage, it is merely incumbent upon authors to state the ways in which they intend to use [it].'⁴⁸ It is important to consider these non-Foucaultian approaches and their benefits, as well as to outline my own approach for the purpose of this thesis.

Michel Foucault is widely regarded as the father of critical discourse analysis, 'critical' because in opposition to linguistic approaches which largely *describe* discursive practices, sometimes drawing a correlation between the structure of language and power relations, Foucault's work examines how power relations and social identities are constituted by discourse.⁴⁹ Other critical approaches to discourse have emerged to rival Foucault's approach; most notable among these are the works of Jürgen Habermas and of the Althusserian influenced Pecheux group. Both these approaches offer advantages over Foucault but they are not adequate frameworks to contribute to Gramsci's theory of hegemonic struggle.

⁴⁷ EP Thompson, *The Poverty of Theory and Other Essays*, Merlin Press, London, p.205

⁴⁸ Johnson, p.17

⁴⁹ For non-critical linguistic approaches see for example William Labov, and David Fanshel, *Therapeutic Discourse: Psychotherapy as Conversation*, Academic Press, New York, 1977, and conversation analysis approaches developed by 'ethnomethodologists', for example, H Garfinkel, *Studies in Ethnomethodology*, Prentice-Hall, New Jersey, 1967.

Habermas's theory of communicative action is a discourse theory that places a great deal of emphasis on rational communication, either oriented toward success or toward the development of a shared understanding. Communicative action, which Habermas calls 'strategic action', is most relevant for a study of the connection between New Right motivations and dole-bludger discourse because it focuses upon the actor's desire to achieve a predetermined goal via communication.⁵⁰ Habermas claims that many situations that at first appear to be communicative in the direction of shared understanding are in fact strategic, there is often a 'hidden agenda'.⁵¹ Michael Pusey has argued this effectively in his 1991 book *Economic Rationalism in Canberra*, which theorises the shift to economic rationalism in the Australian public service.⁵² However, it is difficult to apply this theory to the use of dole-bludger discourse in Australia, even though hidden agendas are present, because it is not attentive to the incorporation of the needs and desires of subordinate groups into strategic action.

The work of the Pecheux group is more compatible with Gramsci. Its adherents attempt to combine a social theory of discourse with text analysis, working primarily with written and political discourse. Based on Louis Althusser's Marxist theory of ideology, which emphasises the significant contribution of ideology to the reproduction of economic relations, Michel Pecheux's theory posits language as a material form of ideology. Thus: discourse 'shows the effects of ideological struggle within the functioning of language, and, conversely, the existence of linguistic materiality within ideology.' Pecheux employs the concept of struggle engaged in at the discursive level. He identifies, for example, a process referred to as 'disidentification', which can occur when an agent replaces a discursive formation that maintains class relations with one that does not.⁵³ In the work of Pecheux, as in Althusser, there is, however, a tendency to emphasise class reproduction and the discursive methods by which ideological domination is secured, at the expense of 'transformation', the methods by which the ideologies of one group come to displace

⁵⁰ Arie Brand, *The Force of Reason: An Introduction to Habermas' Theory of Communicative Action*, Allen & Unwin, Sydney, 1990, p.14-15

⁵¹ Ibid., p.23

⁵² Michael Pusey, *Economic Rationalism in Canberra: A Nation-building State Changes its Mind*, Cambridge University Press, Cambridge, 1991

⁵³ Michel Pecheux, *Language, Semantics and Ideology: Stating the Obvious*, Macmillan, London, 1982, p.159

the ideologies of another through struggle at the discursive level. For this reason it is a useful theory to draw on when seeking to understand the New Right hegemonic project, but not a complete one.

Pêcheux has not been widely used in Australian literature on discourse and ideology. Habermas has been employed to some extent, most notably in the work of Pusey, but by far the most popular use of 'discourse' in Australia stems from Foucault. As I have noted previously, studies of the New Right that employ both hegemony and discourse as concepts invariably identify their discourse analysis as Foucaultian. I wish to differ from these writers by stating that any use of Foucault within a Gramscian framework must remove itself so far from Foucault's original theory that it cannot be regarded as 'Foucaultian'. Parts of Foucault's theory may be utilised in studies of hegemony, but devoid of their original implications they form part of a more fluid and eclectic use of discourse theory emerging currently, as identified and adopted by political scientists such as Carol Johnson.

Part of the reason for this divergence from Foucault is my focus on agency as a key component of discourse construction. Foucault rejects 'autonomous agents' instead deliberately writing intentions out of his historical works to focus instead on the constitution of subjects through power. Put another way, Foucault rejects the question 'who is speaking?' in favour of the question 'who is spoken?', claiming in an interview published in 1977:

One has to dispense with the constituent subject, to get rid of the subject itself, that's to say to arrive at an analysis which can account for the constitution of the subject within a historical framework. And this is what I would call genealogy, that is, a form of history which can account for the constitution of knowledges, discourses, domains of objects, etc., without having to make reference to a subject which is either transcendental in relation to the field of events or runs in its empty sameness throughout the course of history.⁵⁴

⁵⁴ Michel Foucault, 'Truth and Power' in Colin Gordon (ed.) *Power/Knowledge: Selected Interviews and other Writings, 1972-1977*, Pantheon Books, New York, 1980, p.119

Although Foucault modified this stance in his later works on the practices of the self by acknowledging the role of the self in the constitution of the subject, it is difficult still to integrate this into a study of welfare discourses that are so obviously affected by social actors. Foucault argues in this work that individuals use their agency to regulate themselves in accordance with social norms, but without intention or self-consciousness.⁵⁵ Very few critics or supporters of Foucault marry the two contradictory phases of his thought, instead paying more attention to the earlier anti-subjectivist phase. However, neither phase, nor a conflation of the two, can explain 1970s anti-welfare discourses. While Foucault regards the subject as an effect of discursive formations, later with 'the self' as an unknowing contributor, I regard discourse as constructed by social actors to fulfil various agendas and to make sense of lived experience. This thesis then will adopt a broad approach to discourse, in line with the approach adopted by Carol Johnson, in order to overcome the problems associated with agency and transformation in the most widely used discourse theories.

Defining the New Right

This thesis will use the term 'New Right' to describe the loose network of social actors who share in common, though to varying degrees, the goals of individualism, free market economics, minimal government, and 'taxpayer rights'. While there is no agreed definition of the 'New Right' it is generally accepted that think tanks are a fundamental feature of their composition and that their ideologies and agendas differ markedly from those of the 'Old Right'.⁵⁶ One unifying factor in the New Right is an aversion to the welfare state. As Marian Sawer noted in her 1982 book *Australia and the New Right*:

...they are united in the belief that state intervention to promote egalitarian social goals has been responsible for the present economic malaise, and has represented an intolerable invasion of individual rights.⁵⁷

⁵⁵ Michel Foucault, *The History of Sexuality*, vol. 1, Robert Hurley (trans.), Vintage Books, New York, 1988

⁵⁶ Cahill, pp.2-3

⁵⁷ Marian Sawer, (ed.), *Australia and the New Right*, Allen & Unwin, North Sydney, 1982, p.viii

The New Right is made up of neo-liberals and neo-conservatives, whose goals, ideologies and discourses are both contradictory and complementary. While neo-liberalism is committed to a withdrawal from the welfare state and from 'government regulation', neo-conservatism supports this with 'strong state' discourses that call upon government to enforce independence through 'regulation'. Neo-conservatism however, takes on the position of a 'politics of support'⁵⁸ rather than 'principal player' in dole-bludger discourse, mainly because the discourse is constructed in such a way as to give precedence to minimal taxation and minimal state ideologies, which are the domain of neo-liberalism.

Where divisions occur over strong state and minimal state preference, equally, arguments are rife *within* both camps. Neo-liberals variously support minimal state ideology that draws either upon monetarism, public choice theory or supply-side economics. Sometimes elements of these theories are combined, but theoretical tensions are apparent. Politicians have tended to take from these theories what is useful to them at the time, though Margaret Thatcher is most often associated with monetarism and Ronald Reagan with supply-side economics. Australian politicians and bureaucrats, like their US and UK counterparts, drew upon all of these theories but decreased support for monetarism as supply-side economics gained popularity between 1978 and the early 1980s with the publication of important American supply side tracts: Jude Wanniski's *The Way the World Works* in 1978 and George Gilder's *Wealth and Poverty* in 1981.⁵⁹

Monetarism was the most important of the neo-liberal economic theories in 1974 and at this time was supported by the 'Chicago school' camp of which Milton Friedman was the most prominent member and the 'Austrian School', which included Friedrich von Hayek and Ludwig von Mises. Supporters of this theory claimed that inflation could be controlled, and the budget balanced, if the central bank reduced the supply of money to the level of 'productive output'. This would lead to a reduction in wages

⁵⁸ Henk Overbeek and Kees Van Der Pijl, 'Restructuring Capital and Restructuring Hegemony', in Henk Overbeek (ed.), *Restructuring Hegemony in Global Political Economy: The Rise of Transnational Neo-liberalism in the 1980s*, Routledge, London and New York, 1993, p.15

⁵⁹ Nigel Ashford, 'The Ideas of the New Right', in Grant Jordan and Nigel Ashford (eds) *Public Policy and the Impact of the New Right*, London, 1993, p.34; John Brunton, 'Taxation Policy and the New Right', in *ibid*, p. 106; Simon Guttman, 'The Rise and Fall of Monetary Targeting in Australia', *The Sydney Papers*, Winter/Spring 2005

and government expenditure, and hence, inflation. 'Unpleasant side effects', it was acknowledged, were 'unavoidable'.⁶⁰ Friedman proposed a gradual reduction in the growth of money supply whereas Hayek advocated a more principled laissez-faire stand, calling for a large and immediate reduction regardless of the consequences.⁶¹

Supply-side economic theory began to gain popularity in 1975 but it was not until the late 70s that it superseded monetarism; gaining support from converts such as Milton Friedman. Its adherents drew upon the 'Laffer Curve', invented by Martin Laffer to explain his theory that lower tax rates could yield the same revenue as higher taxes, as workers increased hours and produced more in the knowledge that they would retain more of the fruits of their labour.⁶² Supply-siders rejected the monetarist focus on balancing the budget, preferring budget deficits to high taxes, and insisted that the money supply is passive and responds to the 'needs of trade'. Taxes were regarded as the sole cause of inflation.⁶³

Public choice theory existed alongside both these schools of thought and could be regarded as the most enduring of all the neo-liberal theories. Its initial proponents, of whom James Buchanan is perhaps the most famous, claimed that political actors should be regarded as rational 'utility maximisers' who seek to promote their own self-interest instead of the public good. This included politicians, who provided irresponsible gifts and bounties to allies and to the voting public in order to ensure their own political survival, 'special interest groups' who competed for more and more funding and could never be appeased, and public-sector workers who engaged in 'rent seeking' enhancing their own career and the position of their department by drawing heavily on government funds. According to this school, political decision making of this variety was in fact the cause of overblown government and inflation, and attempts to reduce these things would have to include decentralisation of government to its lowest level. This theory can be seen to have informed 'new-class discourse' in Australia from the mid-70s to today.

⁶⁰ Ashford, pp. 20 and 24

⁶¹ Ibid, pp.24-5

⁶² Ibid, p.35 and Brunton, p.107

⁶³ Ashford, p.38

Despite these differences, however, it is important to note the support for reduced taxation and small government inherent within all of these theories, and it is these unifying points that are of greatest importance to this thesis. Finally it is important to note that the New Right is also defined by the period within which it emerged. The New Right emerged in America in 1969 and their ideas were transported to Australia in the following years. The term is historical in the sense that it emerged to describe people holding those views and promoting those agendas at that time, and many who ascribed to those views and agendas referred to themselves as 'New Right'.⁶⁴

While there are many unifying factors within New Right ideology, it is important to note that there is also a plurality of discourses supporting New Right agendas, among them discourses about the family, national character, women, indigenous affairs, law, the public service, academia and the community sector. Members of the New Right do not necessarily use these discourses in the same way, but they can all be regarded as New Right discourses in the sense that members of the New Right have constructed them to aid broadly defined New Right agendas. These discourses more often than not support one another so, as Stuart Hall has noted, 'a certain unity is constituted out of this diversity'.⁶⁵ Points of difference and lines of fracture need not rule out the existence of a New Right hegemonic project, for as Colin Hay points out:

...The criteria that a potentially dominant ideology must satisfy are not those of unity or even consistency but rather that the ideology is easily articulated and comprehended, and that it justifies the strategic policy objectives necessary to secure the structural determinants of a new hegemonic settlement...⁶⁶

These points of difference then allow for flexibility of discourse. Its 'contradictory unity'⁶⁷ allows the New Right to cover all bases.

⁶⁴ See for example: Anon. 'The Right, the Left and the New Centre', *The Optimist*, September–October 1987, p.13; Andrew Norton, 'Naming the Right: From the New Right to Economic Rationalism to Neoliberalism', *Quadrant*, December 2001, pp.62–65. Some neo-liberals have expressed dissatisfaction with the term. See for example: Hazel O'Halloran, 'What's Wrong with the New Right', *The Optimist*, January–February 1987, p.5

⁶⁵ Hall, 'Toad in the Garden', p.53

⁶⁶ Hay, p.44

⁶⁷ Hall, 'Toad in the Garden', p.53

The New Right not only consists of a diverse yet complementary set of beliefs, its location within society is at once disparate and overlapping. The struggle for neo-liberal hegemony is waged by a network of social actors existing within government, bureaucracy, political parties, lobby groups, the media, academia and education, business, and within a host of organisations known as right-wing think tanks. These think tanks are perhaps the nucleus of the new-right network in Australia. Among the most influential during the 1970s were the Centre for Independent Studies (CIS) and the Institute for Public Affairs (IPA). Their wealth and resources came from members who also held positions of power within business, government and media. This thesis will argue that it was primarily through these organisations that new-right ideology was imported from America, rearticulated, and distributed through politics and media in Australia.

The network of social actors that make up the New Right does not constitute a new social movement in the same sense as feminism, gay rights or environmentalism. While I do believe that the New Right share things in common with new social movements, in particular, that they adopt discourses of injustice in their construction of 'taxpayers' as a cognitive frame, it is important to note that the mobilisation of collective action is not a goal of the New Right. While new social movements use cognitive framing to unite the disadvantaged, the New Right use the 'taxpayer' frame to mobilise individual resentments.

The identity is constructed at an elite level. At this level the cognitive frame of 'taxpayer' does not arise from feelings of actual subordination to welfare recipients. In light of the fact that the New Right is not an oppressed or subordinate group, Damien Cahill has argued that it should be regarded as an elite social movement organisation. While the network does consist mainly of elites 'with a small social base and fundamental links with the capitalist class',⁶⁸ elite social movement organisations, as defined by John Boies and Nelson Pichardo, operate *outside* government. They do so because mainstream institutional channels are closed to the particular ideas and agendas they support, usually because they conflict with the ideas and agendas of the

⁶⁸ Cahill, p.5

more powerful governmental figures.⁶⁹ I believe that the New Right prior to 1974 can be regarded as an elite social movement using Boies and Pichardo's definition, but after the stagflation, government became a key player in the construction and distribution of New Right discourses. As Boies and Pichardo, along with Frances Fox Piven and Richard Cloward, have argued 'the co-option or institutionalisation of [social movement organisations] is a common path to ultimate dissolution'.⁷⁰ A social movement cannot exist if its language and agendas become normalised. While I am convinced by the existence of elite social movements in other contexts, in this thesis I will refer to the New Right as a 'network'.⁷¹

Historiography

There have been very few studies that focus upon the emergence of dole-bludger discourse or its international equivalents. This thesis is the first to examine the emergence of dole-bludger discourse using Gramsci's theory of hegemony and the first to situate the dole bludger within the context of the New Right's transformative agenda. Other work concerned with welfare language and concepts during the 1890s and 1930s provides a useful comparison. Among them, Stuart Macintyre's *Winners and Losers*, a study of changing concepts of social justice in Australia, and Charlie Fox's *Fighting Back*, an examination of unemployed politics in Victoria during the 1930s, reveal the extent to which the character of the unemployed and the deserving/undeserving dichotomy dominates 1930s discourses of unemployment. A discourse casting the unemployed as a 'parasite upon the worker' is absent. But it is not adequate to put this down to the lack of a centralised welfare state. As Macintyre points out, the three most populous States, Victoria, New South Wales and Queensland began in 1930 to levy taxes specifically to pay for relief works and sustenance, progressively increasing these taxes throughout the decade.⁷²

⁶⁹ John Boies and Nelson Pichardo, 'The Committee on the Present Danger: A Case for the Importance of Elite Social Movements and the State', *Berkeley Journal of Sociology*, vol 38, 1993-94, pp. 63-64 and 66

⁷⁰ Boies and Pichardo, p.78, see also Frances Fox Piven and Richard A Cloward, *Poor People's Movements*, Vintage Books, New York, 1979

⁷¹ Boies and Pichardo make an excellent case for seeing the Committee on the Present Danger as an Elite Social Movement Organisation. The exclusion of the cold warriors from positions of influence within Jimmy Carter's Government during the détente led to their formation, while the election of George Bush Snr, one of the CDP's members, led to its dissolution. See Boies and Pichardo, p.78

⁷² Stuart Macintyre, *Winners and Losers: The Pursuit of Social Justice in Australian History*, Allen & Unwin, Sydney, 1985, pp.70-73

Fox's *Fighting Back*, along with many others including Nadia Wheatley's 'All in the Same Boat?' and Janet McCalman's *Struggletown* have pointed to another contrast between the two periods.⁷³ These studies are particularly useful in revealing the organisational solidarity existing between the unemployed and the labour movement; solidarity all but absent during the 1970s and 80s, as Chapter 8 of this thesis will show. They also reveal the extent to which cognitive frame of 'worker' informed the identity of the unemployed and their struggles to achieve social justice during the 1930s Depression. This is in clear contrast to the period after 1974 in which 'workers' were included within a 'taxpayer' cognitive frame and pitted against the unemployed. These differences have been overlooked in the existing literature on the emergence of the dole bludger. Instead they have focused on the dole bludger as an extension of the 1930s undeserving poor. It was in reading these studies of the 1930s I was first able to notice the dissimilarities between the welfare discourses of the two periods and to begin to look for answers.

There are three major works focusing specifically upon the emergence of dole bludger discourse in the 1970s. I will briefly examine them before turning to explain my contribution to the study of New Right discourses in general. One of these studies, Peter Golding and Sue Middleton's *Images of Welfare*, traces the development of welfare scrounger discourse as a 'moral panic' in mid-1970s Britain. Alan Law's PhD thesis on the Australian dole bludger *Idlers, Loafers and Layabouts* regards the discourse as a device of moral regulation. Keith Windschuttle's 1979 book *Unemployment*, still the authority on welfare discourses in 1970s Australia, pays more attention to the economic context within which the discourse emerged.

The term 'moral panic' was coined by Stanley Cohen in 1972 to describe the media coverage of Mods and Rockers in the 1960s. Cohen defined a moral panic as a societal over reaction, propagated by the media, in which an 'episode, condition, person or group of persons emerges to become defined as a threat to societal values

⁷³ See Charlie Fox, *Fighting Back: The Politics of the Unemployed in Victoria in the Great Depression*, Melbourne University Press, Carlton, 2000; Janet McCalman, *Struggletown: Public and Private Life in Richmond, 1900–1965*, Melbourne University Press, Carlton, 1984; Nadia Wheatley, 'All in the Same Boat? Sydney's Rich and Poor in the Great Depression', in Verity Burgmann and Jenny Lee (eds), *Making a Life: A People's History of Australia since 1788*, McPhee Gribble, Fitzroy, 1988. See also the oral history interviews conducted by Wendy Lowenstein, *Weevils in the Flour: An Oral record of the 1930s Depression in Australia*, Scribe Publications, East Brunswick, 1978

and interests.⁷⁴ Moral panic does not seem to gain much attention among academic institutions today. Its heyday was probably the 1980s and 1990s when it became the most popular theoretical tool used to understand responses to HIV AIDS. Studies of other 'panics' consequently began to emerge. It is within this context that we should view Golding and Middleton's study of the media's role in the creation of 'scroungerphobia' in Britain during the 1970s. The authors argue that the discovery of one 'scrounger' in the British press, a 42 year-old Liverpudlian by the name of Derek Deevy, sparked a media hunt for more scrounger stories and brought to the surface a latent belief system closely tied to religious iconography and the 19th Century poor laws. The resurrection of these beliefs constituted a panic throughout which welfare deviance was hunted down and exposed.⁷⁵ This was the first large-scale study of 1970s welfare discourses in the UK. The unfortunate use of a moral panic framework does not render the study unimportant but it does rule out a deeper understanding of the choices made by the actors who participate in the construction of these discourses. It does so by replacing them with 'bearers' of moral panic who respond irrationally and spontaneously to 'folk devils' discovered and exploited by the media.

While the 'panic' element of the theory is unconvincing, the moral element is also problematic. As its name suggests moral panic theory excludes any understanding of economic motivations or consequences attached to discourse. Instead, discourse is seen as the means by which moral order is maintained. The categories within any given discourse are employed in a ritualistic morality play, defining boundaries for social conduct and extracting the immoral element from society. So according to Golding and Middleton:

The disreputable poor... made the perfect sacrificial scapegoat in a process of social 'redemption through victimage'. The frequently brutal policing of large numbers of claimants has provided 'absolution' of the social order through a colossal ritual purge of the 'guilty'.⁷⁶

⁷⁴ Stanley Cohen, *Folk Devils and Moral Panics: The Creation of Mods and Rockers*, Basil Blackwell, Oxford, 1987, p.28

⁷⁵ Peter Golding and Sue Middleton, *Images of Welfare: Press and Public Attitudes to Poverty*, M. Robertson, Oxford, 1982.

⁷⁶ *Ibid.*, p.236

According to this theory the media resurrects entrenched images of the poor such as 'the sturdy beggar' and provides a vocabulary through which this ritual purge might take place.

One of the major problems with moral panic theory applied in relation to welfare discourses is that it is ahistorical. Superior studies such as Stuart Macintyre's *Winners and Losers* have convincingly argued that the historical period is vital to the conception and articulation of welfare and social justice. Golding and Middleton on the other hand assume the use of entrenched 'latent' discourses without paying any attention to the way these discourses are altered as a result of changing historical circumstances.⁷⁷ For this reason Golding and Middleton's analysis entirely misses the fact that the 'dole-bludger' discourse, or in UK terminology 'scrounger' discourse, is very different from the deserving/undeserving poor discourse. Its categories are primarily economic. The dichotomy is a 'taxpayer'/'bludger' dichotomy, constructed to provoke negative feelings about redistribution. While Golding and Middleton do acknowledge dramatically altered economic circumstances they fail to notice their impact upon the discourse or to attach any explanatory weight to these circumstances. They also fail to see that the actors participating in the construction of the discourse are engaged in a struggle to naturalise their own economic outlook as a response to this economic crisis. Nor do they give any weight to the lived experiences of subordinate groups or how these may affect the discursive categories employed in the wake of the crisis. In short, moral panic theory as applied by Golding and Middleton, does very little for our understanding of how dole bludger or scrounger discourse interacts with material realities and our understanding of them.

Alan Law's PhD thesis, 'Idlers, Loafers and Layabouts' on which his article 'Surfing the Safety Net' is based, also employs a moral-centric framework to examine the rise of dole-bludger discourse in the 1970s, this time in an Australian context. Law uses concepts from Foucault's *Discipline and Punish* along with 'moral regulation', a more recent theoretical frame based on the work of Foucault. Essentially Law's work argues, in much the same sense as Golding and Middleton, that: 'an entrenched liberal

⁷⁷ Golding and Middleton, pp. 59–60

discourse asserted itself in opposition to the growing threat of progressive movements, represented in the opposition ALP and in the public emergence of surfig hedonism.⁷⁸ Like Golding and Middleton, Law argues that 'the dole bludger moved from latent to manifest form' as a response to threatened societal values, specifically to those that make up 'industrial citizenship'.⁷⁹ Similarly, his work undermines the impact of historical context upon the discourse, preferring to see the 'dole bludger' as an ahistorical figure inherent within liberal governance, bursting forth of its own accord at moments of 'moral crisis'.⁸⁰ Law employs this theory, he claims, as a way of 'bypassing the 'intentions' of historically situated actors, political parties, movements or ideologies.'⁸¹

In bypassing these intentions Law purposefully rejects agency, and cannot therefore recognise the role of the New Right in the construction of dole-bludger discourse. In fact he ignores the New Right as actors in the period under examination, let alone as the constructors of dole-bludger discourse. Rather the discourse is seen as disciplinary: enacted by microtechniques outside of human agendas. Not only does Law's analysis intentionally remove class and ideology from view, it also renders the discourse depressingly incontestable.

While, these two moral-centric theories ignore or deal inadequately with 'economic crisis' and its impact upon 1970s welfare discourses, the most noted work in the area, Keith Windschuttle's book *Unemployment*, places the economic crisis at the centre of the narrative. Superior in many ways to these two accounts, it is still an inadequate explanation of dole-bludger discourse. Although I do not essentially disagree with Windschuttle's central claim that the dole bludger has been constructed as an aid to capitalism, I differ from his classical Marxist approach on three counts. Firstly, Windschuttle sees the dole bludger as a tool employed in the process of

⁷⁸ Alan Law, 'Surfig the Safety Net: "Dole Bludging", "Surfigs" and Governmentality in Australia', *International Review for the Sociology of Sport*, vol. 36, no. 1, 2001, p.30

⁷⁹ Ibid., p.28, Alan Law, *Idlers, Loafers and Layabouts: An Historical Sociological Study of Welfare Discipline and Unemployment in Australia*, PhD thesis, University of Alberta, p.11. Not all moral regulation theory regards 'conservative backlash' as an adequate explanation for moral campaigns, see for example Alan Hunt, *Governing Morals: A Social History of Moral Regulation*, Cambridge University Press, Cambridge, 1999, pp. ix-x

⁸⁰ Law, 'Surfig', pp.36-37

⁸¹ Ibid., pp.36-37

'mystification'. It blinds the public as to the true nature of capitalism, which in reality is an economic system that does not work. According to Windschuttle then,

The capitalist economic system in Australia has failed large numbers of people dependent upon it but has so far remained unscathed. The dole bludger campaign has acted as a 'justifying ideology', one that has deflected perception of the failure of capitalism onto the victims of that failure.⁸²

Yet capitalism itself as a ruling class hegemonic project was not under threat; the crisis of hegemony took place *within* capitalist hegemonic projects as Keynesianism as an economic strategy of capitalism came to be contested and eventually replaced by a neo-liberal hegemonic project.

Secondly, and perhaps because of this problematic stance, Windschuttle does not give due 'credit' to the network of New Right actors existing within institutions such as the media, political parties, bureaucracy and academia. He ignores the New Right think tanks as constructors of this discourse, and speaks of institutions as actors, claiming a particular media and a particular Liberal Party or Labour Party approach and agenda. According to Windschuttle the media's approach is one that identifies and defines deviance from 'accepted' work ethic ideology, both as an act of social control and as a proven path to ratings and newspaper sales.⁸³ The Liberal and Labor parties on the other hand produce a discourse of deserving and undeserving poor, affected by the dominant political philosophies upon which their parties are based, in order to divert attention from a failing economy.⁸⁴ Again, by ignoring the New Right as a network of actors spanning these institutions and struggling within them to make their own claims legitimate, Windschuttle cannot identify the key individual agents in the construction of the discourse and misses the importance of dole-bludger discourse as a formative strategy for the New Right. The third point of difference will be obvious. It is, again, that Windschuttle like Golding and Middleton and Law, assumes a stagnant and 'latent' dichotomy of deserving/undeserving poor has resurfaced. He does not

⁸² Windschuttle, p.178

⁸³ Ibid., pp.169–170

⁸⁴ Ibid., pp.217–218

acknowledge the primary dichotomy of taxpayer/dole bludger that is particular to a neo-liberal hegemonic project.

Outside of these three studies about the 1970s, most academic work on welfare discourses situates the discourse relevant to this thesis within a general study of the New Right in power. Within this work New Right anti-welfare discourse is seen as part of a phenomenon of the 1980s and 1990s, primarily due to the fact that the two most prominent New Right leaders, Margaret Thatcher and Ronald Reagan achieved government in 1979 and 1980 respectively. Authors such as Stuart Hall and Frances Fox Piven and Richard Cloward have produced notable work using this approach, but my thesis will shift the emphasis. While attempts are being made to move outside of this period, most notably by Sylvia Bashevkin whose 2002 book *Welfare Hot Buttons* studies 'third way' welfare discourses as used during the late 90s by the Blair, Clinton and Chrétien Governments in Britain, America and Canada respectively, the discourse has not yet been traced back to its formative period.⁸⁵ By tracing the discourse back to the period in which it emerged, the 1970s, we are able to understand it as a conscious strategy through which the New Right gained ascendancy. Another advantage to be gained by this slightly different emphasis is that we can question whether other New Right discourses used during the 1980s and 1990s were in fact operating much earlier. For example, this thesis will examine the evidence for a 1970s version of 'new class' discourse, as analysed in Marian Sawer and Barry Hindess's book *Us and Them*, and seek to illuminate its relationship to dole-bludger discourse.⁸⁶

Sources and Chapter Outline

The primary sources used to write this thesis are broad and far ranging. A study of welfare, let alone the New Right, encompassing the years 1973-83, throws up endless secondary literature but somewhat limited primary literature due to the 30-year embargo on most archival documents. Given that this is a study of public discourse, I have nonetheless found a wealth of material in Australian newspapers and parliamentary debates, as well as the various materials produced by the Liberal and Labor parties and right-wing think tanks and individuals: among them books, journals,

⁸⁵ Sylvia Bashevkin, *Welfare Hot Buttons: Women Work and Social Policy Reform*, University of Toronto Press, Toronto, 2002

⁸⁶ Marian Sawer and Barry Hindess (eds), *Us and Them: Anti-Elitism in Australia*, API Network, Perth, 2004, p.1

pamphlets, annual reports, conference papers, media releases and speeches. I have also made use of the equivalent American and UK right-wing publications in order to gain an understanding of how neo-liberal ideas came to be imported to Australia via these institutions.

While the pamphlets, journals, and annual reports of these organisations and parties were more or less complete for the 1970s and early 80s, it would have been impossible to research every Australian newspaper and every page of Senate and House of Representatives parliamentary debates for the period. Instead I relied upon the only index of newspaper reports available for the period, the *Sydney Morning Herald* index. Using the search terms 'unemployment', 'unemployed', 'welfare' and 'dole' as well as 'tax' and 'taxation', and searching for articles spanning 1971–83, I found the articles referred to in the index and then used the date on which the article appeared to run a microfilm search of three Murdoch papers: *The Australian*, *The Daily Telegraph* (including the *Sunday Telegraph*), and the *Daily Mirror*, three Fairfax papers: the *Sydney Morning Herald*, *The Age*, and *The Canberra Times*, and three Herald and Weekly Times (HWT) newspapers: *The Herald*, the *Courier Mail*, and the *Adelaide Advertiser*.

When I began to identify the key themes in these newspaper articles, I decided to return to the National Library to visit some other newspapers, this time using the dates of particularly interesting articles in an effort to find their equivalent in other newspapers. Fortunately, my study of parliamentary debates was supported by a complete index. The same search terms were used as for newspapers, but as this produced a larger pile of material, the period was truncated to 1973–83. I returned to the debates with new search terms often. Outside of this, the archive of the Workers Party at the National Library and the archives of the Institute of Public Affairs and Administrative and Clerical Officers Association, held at the Noel Butlin Archives in Canberra, provided valuable insight into the discursive strategies and activities of these organisations.

Chapter outline

As I have mentioned previously, this thesis aims to examine the interaction between Australians and international New Right figures and the impact that this process of

exchange had on the growth of the New Right and transformation of welfare discourses in Australia. In order to examine this exchange it has been necessary to trace the development of New Right welfare discourses in America and the UK. Chapter 1, then, provides this, paying attention to the peculiarly 'national' features of the discourse and its origins in America and the UK, and to the organisations most prominent in its growth and dispersal. Chapters 2 and 3 examine the transferral of these ideas, principally from America to Australia and the means, both discursive and practical, by which this occurred. While Chapter 2 focuses on the growth of New Right welfare ideas among Australian economic think tanks, Chapter 3 focuses on the extent to which these ideas penetrated government.

Chapters 4, 5 and 6 are particularly concerned with the 'Australianisation' of this essentially American discourse. Chapter 4 examines the process by which the Coalition and the first Australian neo-liberal political party, the Workers Party, translated New Right welfare discourses into an Australian vernacular, drawing upon discursively entrenched Australian national character traits as a support to these ideas. The chapter compares and contrasts the different approaches of the Coalition and the Workers Party, and examines the level of success achieved by each in their attempts to forge a connection between their own anti-welfare discourses and 'the Australian way'. Chapter 5 continues this theme by examining the popularisation of the dole bludger in the Australian media, and the discursive techniques used to forge a link between the Australian dole bludger and the lives of readers. Chapter 6 examines a particular media campaign *The Australian* tax revolt, which occurred in 1978, for evidence of this.

Chapter 7 of this thesis returns to political discourse to examine the policy reaction. It examines the links between 'crisis' discourse, welfare policy-making and the growth of 'fiscal restraint' as a key policy objective in Australia, and analyses the extent of the Whitlam and Fraser Government's commitment to New Right welfare ideas. As mentioned previously, this chapter also provides an assessment of the Kuhnian theory of 'paradigm shift' in response to a naturally occurring crisis of normality, against Carol Johnson's argument that 'crises' can be discursively constructed for political advantage. The final chapter of this thesis, Chapter 8, examines welfare discourses that challenged the New Right and provides an assessment of the various advantages

and disadvantages of these discourses as well as reasons for their varying levels of success.

The point of this thesis then is to examine the ways in which powerful people can construct discourses to aid their own agendas. It is also to examine the ways in which the real, lived experience of economically subordinated people can come to be woven into the fabric of these discourses and aid the process by which they become 'common sense'. Importantly, it will also seek to identify areas of weakness in the New Right's hegemonic project and to identify strategies for possible resistance. Dole-bludger discourse has not been chosen as a random example of this. It has been one of the most important discursive strategies used by neo-liberals. It is also a discourse that signifies and aids an attack on the least economically powerful members of society by some of the wealthiest and most powerful figures in Australia. For this reason alone it is worth a great deal of attention.

The New Right's global project

In the summer of 1975 the new leader of the British Conservative Party, Margaret Thatcher met with the party's research department to discuss the way forward. In the midst of an economic crisis that was now one year old, Thatcher was keen to cement a new economic program. Primarily, she was interested in research findings on welfare and taxation, a pet project of hers since joining the party. Her research officers welcomed the opportunity to present papers on 'family policy' and to argue for a pragmatic 'middle way' approach to welfare and taxation. In the middle of the first paper, Thatcher reached into her briefcase and removed a book, which she held up for all to see. It was Friedrich von Hayek's *The Constitution of Liberty*. 'This' she said 'is what we believe' and slammed the book down on the table.¹ Her research officers were left in no doubt that they were required to be on board for the construction of a New Right economy.

Thatcher was not unusual for her time. By 1975 the role of welfare policy in western economies was experiencing a fundamental transformation. One year on from the British stagflation and more than half a decade since stagflation in the US, the theories of men like Friedrich von Hayek and Milton Friedman, and women like Ayn Rand, had resurfaced from the recesses of forgotten and debunked theories to gain credibility within think tanks, economics departments, media, bureaucracy, and politics. Keynesianism had, by this stage, lost its association with economic 'common sense'. Throughout the Western world, the process of ideological reformation had been occurring for some time at the peripheries of economic thought. The stagflation that occurred at the end of the 1960s enabled the New Right to challenge Keynesian economics on a more public stage.

¹ John Ranleigh, one of Thatcher's advisors claimed that 'the whole thing crystallized in her mind that the Research Department was pink, and I think it was the beginning of the end for the Research Department'. John Ranleigh, *Thatcher's People: An Insider's Account of the Politics, the Power and the Personalities*, Harper Collins, London, 1991, p. ix

This chapter should be read in conjunction with Chapter 2 of this thesis. Together they will seek to examine dole-bludger discourse as part of an international hegemonic project. This chapter will trace the development of anti-welfare discourses in America and the UK, while the following chapter will examine the exchange of ideas that occurred between America, the UK and Australia during the 1960s and 70s. In conjunction with the following chapter, it will argue that dole-bludger discourse stemmed from a global hegemonic reformation that gained credence in the US in the late 1960s and in Australia and the UK during the 1974 recession. While incorporating the particular concerns of the country in which they were constructed, anti-welfare discourses were nonetheless part of a co-operative, international, hegemonic project.

The USA and anti-welfare state discourse

Those who have written about the rise of the New Right and anti-welfare discourses and agendas in the US have tended to exclude the period under examination in this thesis. Instead, most have focused on the growth of the New Right network during the 1960s and its ultra conservative programs, or on a study of the New Right in government, that is, the Reagan era. Of those that have dealt with the New Right in the 1970s, most have focused upon the network's organisation, its origins and its expansion.² The work of Alex Carey, for example, provides a very good account of the New Right's major financial backers during the 1970s and 80s, but more work is needed to discover the discourses contained within the numerous pamphlets and educational materials funded.³ Other notable work, such as Alan Crawford's *Thunder on the Right*, speaks at great length about the deeds and discourses of various New Right organisations and figures without providing many dates through which these may be contextualised.⁴ This chapter then, has required a great deal of primary source

² See for example: Jerome L Himmelstein, *To the Right: The Transformation of American Conservatism*, University of California Press, Berkeley and Los Angeles, 1990; William C Berman, *America's Right Turn: From Nixon to Bush*, Johns Hopkins University Press, Baltimore, 1994, Sara Diamond, *Roads to Dominion: Right -wing Movements and Political Power in the United States*, Guilford Press, New York, 1995

³ See for example Alex Carey, 'Social Science Propaganda and Democracy', in Paul Boreham and Geoff Dow (eds) *Work and Inequality*, vol 2, South Melbourne, 1980; *Taking the Risk out of Democracy: Corporate Propaganda versus Freedom and Liberty*, University of Illinois Press, Urbana, 1997.

⁴ Further examination of the footnotes leads one to notice that particular quotes and activities are referred to in the same breath when at times they occur decades apart. Alan Crawford, *Thunder on the Right: The 'New Right' and the Politics of Resentment*, Pantheon Books, New York, 1980

research. By illuminating the central period in which these networks and discourses coalesced and became powerful within mainstream institutional channels, and by analysing the discourses themselves, it contributes to existing literature on the American New Right.

The 1960s in America witnessed a marked expansion of income maintenance programs. President Lyndon Johnson's plan for a 'Great Society' included a 'War on Poverty' which, from 1964, rapidly increased spending on social security pensions, unemployment compensation, public housing, and Aid to Families with Dependent Children (AFDC). New programs included food stamps, job training and two major health programs for the elderly and disadvantaged: Medicare and Medicaid. The changes to the health care system gained the support of most Congressmen but outside of the area of health, Johnson's War failed to gain as many recruits. Housing, AFDC, Unemployment relief and, most of all the Office of Economic Opportunity (OEO) with its offshoot Community Action Program, caused discomfort if not ire among Conservatives. In these areas, questions began to arise about the link between welfare and social unrest, particularly in relation to black Americans.

The term 'welfare explosion' appeared to sum up the social programs of 1960s America, particularly in the rhetoric of those who opposed them. During the economic downturn that appeared at the end of that decade and peaked with the 1973-4 recession, increasing numbers of people began blaming welfare for America's social and economic discomfort. Discontent at the perceived racial and bureaucratic results of President Lyndon Johnson's 'War on Poverty' emerged in the 1960s as relief rolls expanded, welfare bureaucracy grew larger and welfare recipients gained more power through protest and Community Action Projects. However, it was not until the economic downturn of the late 60s and early 70s that discontent surfaced in an organised fashion. Anti-redistribution advocates emerged at times of relative economic comfort but, like their Australian counterparts, only really broke through to the mainstream during a period of economic crisis.

During the six years preceding Nixon's election in 1968, federal spending on the poor rose from \$12 billion to more than \$27 billion. Between December 1960 and February

1969 AFDC increased its rolls by 107 per cent.⁵ Throughout this period, a disproportionate share of the increase was attributed to black Americans.⁶ Conservatives began to complain that the whole exercise had strengthened the new-left lobby groups, appeased protesters, and most detrimentally, had caused African-Americans to abandon the family structure in search of single-parent benefits. The most influential proponent of these views was sociologist and assistant secretary to the Department of Labor, Daniel P. Moynihan. His 1965 book *The Negro Family: The Case for National Action* warned that the provision of welfare, particularly since the War on Poverty, meant that black Americans were abandoning the family structure in favour of single-parent welfare benefits. In turn, the absence of family structure led to urban decline, disorder, and cyclical poverty.⁷

Urban whites, in particular, blamed welfare for what seemed to be an influx of black southerners to the northern urban centres. Welfare rates were different for each state. While the 'big five' northern urban centres had the most generous cash grants, the southern States offered the least generous.⁸ During the 1950s and 1960s, agricultural reform dislodged black workers from agriculture in the southern States. Most sought employment in the more industrial and 'opportunity rich' northern States and used welfare to bridge the gap.⁹ Urban whites, however, saw the provision of 'generous' welfare in the north as the cause of black migration and feared resultant civil unrest in these areas.

Coupled with racially related welfare anxieties were anxieties about an increasingly powerful new-left lobby. In the words of one 1960s welfare rights advocate, Richard Cloward, new initiatives such as the OEO, and its Community Action Program, 'hired thousands of poor people, social workers, and lawyers who, it subsequently turned out, greatly stimulated people to apply for relief and helped them to obtain it.'¹⁰ More and more people began to see the new welfare initiatives as a means of placating the

⁵ Frances Fox Piven and Richard A Cloward, *Regulating the Poor: the Functions of Public Welfare*, Vintage Books, New York, 1993, p.183

⁶ Ibid. p.192

⁷ Daniel Patrick Moynihan, *The Negro Family: The Case for National Action*, US Department of Labor, Office of the Assistant Secretary for Policy, viewed 15 June 2005, www.dol.gov/asp/programs/history/webid-moynihan.htm

⁸ Piven and Cloward, *Regulating the Poor*, p.190

⁹ Ibid., pp.190-91

¹⁰ Ibid., p.198

very people it had created; a powerful 'underclass' allied with a welfare oriented left wing. Less organised forms of protest also engendered anti-welfare sentiment. Rioting in a hundred mostly-black slum neighbourhoods during the summer of 1967 was quickly followed by a new housing initiative. The War on Poverty was blamed for encouraging and rewarding social unrest.¹¹

By the end of Johnson's Presidency a small and (with the exception of Daniel P. Moynihan and Milton Friedman) peripheral group of anti-welfare advocates had emerged. Among the advocates were economic and social libertarians who sought the abolition or near abolition of the welfare state, and breakaway Democrats and Republicans who would come to be known as neo-conservatives. Together they were known as the 'New Right'. When Keynesianism began to experience theoretical contradictions, just as the New Right had prophesised, the network exploited these contradictions to shift its agenda from the periphery to the political mainstream. Financial and institutional resources contributed to its success.

New Right leaders and ideology

The economic theory of the British economist John Maynard Keynes dominated throughout the West from the end of the Second World War to the 1970s. Gaining recognition during the Depression and throughout the War years, the theory was previously regarded as belonging to a heretical school of thought, consisting of an 'isolated group of cranks' that rejected neoclassicism and therefore rejected 'common sense'.¹² While others subscribed to Say's Law that supply created its own demand, Keynes insisted that the 'essential truth' lay in his contrary proposition that: 'The system is not self-adjusting, and, without purposive direction, it is incapable of translating our actual poverty into our potential plenty.'¹³

The argument advanced in his major theoretical work the *General Theory* was that governments needed to manage the economy through purposive action to maintain aggregate demand and therefore boost employment. The system could not be left

¹¹ Allen J Matusow, *The Unravelling of America: A History of Liberalism in the 1960s*, Harper & Row, New York, 1986, p. 232

¹² Greg Whitwell, *The Treasury Line*, Allen & Unwin, Sydney, 1986, p.38

¹³ John Maynard Keynes, 'Poverty in Plenty: Is the Economic System Self-Adjusting?' (1934) in *The Collected Writings of John Maynard Keynes*, vol. 13, Macmillan for the Royal Economic Society, London, pp.485-93

alone. It required constant government intervention and an extension of the traditional functions of government.¹⁴ The theory favoured an extension of the public sector as a means of maintaining full employment. It also favoured government redistribution of income through a welfare state system. While the poor gained or supplemented income through welfare, demand, production, and employment would remain stable. The Depression largely displaced neoclassical 'law'. From this crisis of hegemony, Keynes emerged as the new economic common sense.

The New Right emerged to challenge Keynesian economics during a period of economic downturn. The escalating Vietnam War effort had pushed the US budget into a \$25.2 billion deficit in 1968, the highest deficit by far since the Second World War.¹⁵ Gross Federal Debt had risen almost 100 per cent,¹⁶ while military expenditures gave rise to inflation, causing the price of US goods to increase and overseas markets to disappear.¹⁷ In defiance of Keynesian economic theory, unemployment began to increase alongside inflation. Each succeeding cyclical trough and peak toward the end of the decade was more extreme than the last.¹⁸ 'Stagflation', the phenomenon whereby rising unemployment and rising inflation co-exist, occurred in most Western countries after the oil crisis of 1973. America's exorbitantly funded war efforts ensured its early arrival.

While the Keynesian 'consensus' remained largely intact in government circles, some American economists began looking to pre-Keynesian 'laissez-faire' economics for answers. Previously ignored or derided anti-Keynesian economists also began to gain influence. Among them the Austrian economist Friedrich von Hayek, whose work consistently challenged the welfare state from the 1940s to his death in 1992, was perhaps the most studied. His arguments for the replacement of Keynesian demand economics with a monetarist economics began to gain some credibility as the New Right searched for alternatives to the welfare system they believed was destroying the nation. Monetarism, and later supply-side economics, provided that alternative. In some ways representing a return to the 'invisible hand' thesis of Adam Smith, it

¹⁴ Keynes, *The General Theory of Employment, Interest and Money*, Macmillan, London, 1961, p.164

¹⁵ United States Bureau of the Census, *Historical Statistics of the United States*, Series Y 339-342, US Government Print Off, Washington, p.1106

¹⁶ Ibid. Series Y, 488-492, p. 1116.

¹⁷ Diamond, p.132

¹⁸ Himmelstein, p.132

reinvoked the theory that the market should determine the allocation of resources and income while the state should minimise interference. In advocating a monetarist framework for macroeconomics, Hayek was less concerned with maintaining the purchasing power of the poor than with limiting the supply and circulation of money and balancing the budget.

In addition, Hayek provided a 'moral' justification for the limitation of welfare. His 1960 book *The Constitution of Liberty* claimed that 'liberty' could not exist under a system of progressive taxation and that the provision of welfare to some, using a 'needs based' system of allocation, discriminated against the majority in favour of the minority. He claimed:

The third main ambition that inspires the Welfare State is the desire to use the powers of government to ensure a more even or more just distribution of goods. Insofar as this means that the coercive powers of government are to be used to ensure that particular people get particular things, it requires a kind of discrimination between, and an unequal treatment of, different people, which is irreconcilable with a free society. That is the kind of Welfare State that aims at "social justice" and becomes "primarily a redistributor of income".¹⁹

Not only was the practice of redistribution on a needs basis regarded as morally wrong, the power vested in the government to do so was regarded by Hayek as 'the greatest danger to liberty today'.²⁰ Hayek did not propose a detailed plan to replace welfare with some other form of income for the poor, though he did mention a vague preference for welfare services carried out by the private sector.²¹

The further development of monetarist theory in the 1960s has been largely attributed to Milton Friedman: a 'Chicago School' economist and adviser to Republican Senator

¹⁹ Friedrich A Hayek, *The Constitution of Liberty*, Routledge and Kegan Paul, London, 1960, pp.259–260

²⁰ *Ibid.*, p.262

²¹ *Ibid.*

Barry Goldwater during his 1964 Presidential campaign.²² From 1947 onward Friedman and Hayek became personally acquainted due their mutual involvement in the right-wing organisation The Mont Pelerin Society of which Hayek was a founding member. Friedman's brother-in-law, a University of Chicago economics professor, had been largely responsible for the University of Chicago Press publication of Hayek's most famous work, *The Road to Serfdom*. This book outlined the evils of government planning and redistribution, and later became an essential text for the 1960s New Right movement.²³ Friedman counted it among his greatest influences. In addition, he counted Ayn Rand's *Atlas Shrugged*.²⁴

Friedman's first work of philosophy *Capitalism and Freedom* drew on Hayek's major themes: big government and its alternatives. Published under the Kennedy administration in 1962, it claimed that government intervention in economics and in the distribution of wealth, whether in cash or in services, undermined the productivity of the market and put limitations on man's 'natural' freedoms. Among the programmes he identified as being contrary to freedom were: legal minimum wages and minimum prices, rent control, present social security programs and 'so called public housing'.²⁵ Anticipating the anti-welfare advocates that were to emerge under Johnson's War on Poverty, Friedman also claimed that welfare caused civil unrest and 'delinquency':

The income limitations quite properly imposed for the occupancy of public housing at subsidised rentals have led to a very high density of 'broken families' – in particular divorced or widowed mothers with children. Children of broken families are especially likely to be 'problem' children and a high concentration of such children is likely to increase juvenile delinquency.²⁶

²² Cato Institute, The Milton Friedman Prize for Advancing Liberty, viewed 11 June 2005, <http://www.cato.org/special/friedman/friedman/index.html>

²³ Commanding Heights, *Interview with Milton Friedman*, PBS, 10 January 2000, viewed 10 June 2005, www.pbs.org/commandingheights/shared/minitextlo/int_miltonfriedman.html

²⁴ Ibid.

²⁵ Milton Friedman, *Capitalism and Freedom*, University of Chicago Press, Chicago, 1962, pp.35–36

²⁶ Ibid., p.180

Friedman's solution, predictably, involved the removal of government intervention. Housing, he claimed, should be handed over to the free market, not only to contribute to economic growth and efficiency, but to 'evenly distribute' problem families.

Poverty, too, would be ironed out. Under Friedman's version of the 'free market', those who received welfare due to an inability to sell their labour would suddenly find themselves more marketable. The minimum wage would be abolished, ensuring both rising employment and rising productivity. Those who still found themselves in need of assistance after the new market-determined wage system came into force would receive what Friedman called a 'negative income tax' cash grant.²⁷ This scheme became Friedman's pet project throughout the coming decade.

The negative income-tax scheme symbolised yet another attempt to downscale income redistribution in the United States. Its major contribution to a free-market agenda was to abolish all welfare programs and replace them with one automatic cash grant generated through the income-tax system. The scheme was intended to provide cash for those falling under the tax threshold at a percentage of the gap to be determined by the market. For example a person falling \$50 under the tax threshold per week may receive an extra \$10 per week if the rate was set at 20 per cent of the gap. This cash could then be used to pay for services such as housing, health, legal advocacy, education and any other service previously provided by the government. These services would be available through free market transactions.²⁸ This new form of 'welfare' was of course intended to remove the financial 'burden' caused by public sector employment as well as to exclude the government from the practice of income redistribution.

Monetarist critiques of Keynes provided the New Right with an alternative economic discourse. This discourse challenged both the Old Right and the New Left. To the same degree, Ayn Rand is responsible for providing an alternative discourse of 'human rights' and 'freedom'; a discourse that ultimately could be used to dismiss the Old Right as enemies of freedom and to attack the New Left on their own turf. One libertarian leader, Jerome Tucille, traced the eruption of tensions between the Old

²⁷ Ibid., chapter 11

²⁸ Ibid., p.192

Right and the new to the 1957 publication of Ayn Rand's *Atlas Shrugged*.²⁹ Rand was an Old Right conservative in almost every sense of the term. She was a staunch opponent of Communism and an active supporter of the House Committee on Un-American Activities in Hollywood, where she had been employed since moving to America from Communist Russia at the age of 21. And, in the 1960s, unlike many of her devotees, she supported the draft and the war in Vietnam.³⁰ Where Rand's philosophy differed from American Conservatism was on the central issue of 'human nature'. Rand insisted that humans were naturally selfish and that welfare, collectivism and altruism of any kind contradicted the natural and, therefore, correct path of human society. This philosophy, drawing upon Nietzsche and upon the Russian anti-communist movement, came to be known as 'Objectivism'. Its anti-Christian and individualist nature appealed to young libertarian activists who regarded state and religious coercion as a primary enemy.³¹

Rand's philosophy of Objectivism promoted egoism as the 'natural' proclivity of man. Therefore in order for an economic system to function it needed to fall in line with 'nature'. Welfarism did not. Altruism and egoism were therefore diametrically and dangerously opposed.³² Rand offered a choice between

Either a new morality of rational self-interest with its consequences of freedom, justice, progress and man's happiness on earth—or the primordial morality of altruism, with its consequences of slavery, brute force, stagnant terror and sacrificial furnaces.³³

To coerce people toward altruism, through law or taxation, constituted an immoral act. Not only that, for Rand even voluntary altruism was 'unnatural' and morally inferior to selfishness.

²⁹Diamond, p.124 Jerome Tucille became a convert to the libertarian movement after the 1969 YAF convention coup headed by Murray Rothbard and Karl Hess.

³⁰ Ayn Rand, 'Introducing Objectivism' in *The Voice of Reason: Essays in Objectivist Thought*, Leonard Peikoff (ed.), New American Library, New York, 1988, p.5

³¹ Karl Hess for example cites Ayn Rand as being the biggest influence on his conversion to atheism. He claimed that *Fountainhead* and *Atlas Shrugged* 'made it necessary to at least consider religion as an undesirable doctrine of self-sacrifice.' Karl Hess, *Mostly on the Edge: An Autobiography*, Karl Hess jr (ed.), Prometheus Books, New York, 1999, p.207

³² Rand, p.4

³³ Ibid., p.5

Man—every man—is an end in himself, not the means to the ends of others. He must exist for his own sake, neither sacrificing himself to others nor sacrificing others to himself. The pursuit of his own rational self-interest and of his own happiness is the highest moral purpose of his life.³⁴

Hayek and Rand came to be cited as the most influential figures for the burgeoning New Right movement.³⁵ Their philosophies and economics converted many old-style Conservatives to libertarianism and neo-conservatism during and after the Johnson administration. Their works would also come to influence the forthcoming welfare discourses of the New Right and through them the dominant welfare discourses of politics and media in the coming decades.

The emergence of the New Right

Throughout the 1950s and for most of the 1960s, libertarianism was eschewed within the American Right. The aims and concerns of libertarianism, being entirely focused upon the freedom of the individual to make social and economic decisions without the impediment of the state, seemed totally at odds with the Conservative strong-state agenda, particularly in the midst of the Cold War. Libertarian plans to outlaw conscription, and to legalise drugs, pornography and prostitution ensured that their role within the American right remained, for the meantime, peripheral. To a right wing concerned mainly with beating the Vietcong abroad and tackling the New Left at home, these ideas seemed too much in sympathy with the Conservative Right's enemies.

Many of the 1960s New Right vanguard emerged from the Young Americans for Freedom (YAF) youth group. An organisation of staunch patriots set up in 1960 to counter Communism, it gave rise to both Howard Phillips, who left the Republican Party to become Chairman of the New Right advocacy group The Conservative Caucus in 1974, and the man most commonly called 'the leader' of the New Right

³⁴ Ibid., preface

³⁵ Commanding Heights, *Interview with Milton Friedman*

movement, Richard A. Viguerie.³⁶ The other important movement to give rise to New Right advocates was the American Conservative Union (ACU) set up in 1964. More than any other right-wing organisation, the ACU was responsible for bringing together those on the right who possessed a strong urge to rid the Republican party of influential 'social liberals' and 'effetes' such as Rockefeller. Disgruntled and disparate conservatives, who may have remained just that without the ACU, coalesced under the organisation. They did so largely because the first and foremost purpose of the organisation was to get Barry Goldwater elected president of the United States.³⁷

Many within the Right have traced the split between old and new to the YAF Convention of 1969 during which a impassioned group of libertarians led by Murray Rothbard attempted to split the Convention and form a breakaway anarchist Right. Its Master of Ceremonies, the anarcho-capitalist Karl Hess recalled the event in later years:

I was there...as master of ceremonies for the formal fracturing of the Conservative movement. Rallying under the famous St. Louis arch, with such notables as Robert Vaughn and his travelling Marxist advisor looking on in fascination at the unfolding of political history, classical liberal dissidents (anarchic, libertarian, and individualistic) socked it to the Right by calling for an end to the war in Vietnam, the draft...and the modern liberal state. To an angry conservative chant of "lazy fairies" [others have recalled the chant as "laissez fairies"], YAF's classical liberals split from the group and set in motion the rise of the libertarian movement and the birth of the Libertarian Party.³⁸

The YAF emerged from the decade as a battered and broken shell from which the New Right had broken free.

During the 1960s libertarians from YAF and ACU also began to meet with libertarians outside of the conservative organisations. Perhaps the most unusual of

³⁶ Phillips is still Chairman of the TCC. Conservative USA, 'Howard Phillips', viewed 26 May 2006, www.conservativeusa.org/hpbio.htm and Crawford, p.18

³⁷ Ibid., p.8

³⁸ Hess, p.190

these meeting locations was the foremost New Left think tank of the 1960s, The Centre for Policy Studies. It was among the company of left-wing anarchists and communists in the think tank that ex-‘Draft Goldwater’ campaigners such as Karl Hess developed their own libertarian anarchist ideas and strengthened them through debate with communists and anarcho-synicalists.³⁹ Another meeting place was the New York apartment of Murray Rothbard, which according to Hess, accommodated the ‘entire libertarian anarchist movement’ for nightly discussions and occasional games of Risk.⁴⁰ Rothbard had also been associated with the New Left, mostly due to his active cultivation of New Left social libertarian allies. In 1965, he took his desire for a libertarian collective to print, publishing the first edition of *Left and Right* subtitled: *A Journal of Libertarian Thought*. The journal was run on a shoestring budget and published three times a year. Its aim was to draw economic libertarians away from the Old Right and encourage them to form at least a superficial alliance with the New Left, an organisation more in tune with the libertarian concerns about Vietnam, drug legalisation and, for Rothbard at least, the issue of Black Nationalism.⁴¹ The alliance, of course, was uneasy. Most of the New Left supported state intervention, especially financial assistance for the poor. Even left-wing anarchists balked at the idea of rampant capitalism.

While libertarian academics gained occasional exposure in right-wing publications such as *Human Events* and William F. Buckley’s *National Review* and in left-wing publications such as *Ramparts*, other movement advocates toiled away on countless localised libertarian newsletters that during the period gained only limited circulation.⁴² The most successful of these newsletters was *Reason*, an eight-paged mimeographed publication created in 1968, which, after having been bought by a group of Californian libertarians and turned into a full-sized magazine, went on to claim a circulation of 3,200 in 1972.⁴³ Neo-conservative publications fared a little better during this period. The journals *Commentary* and *Public Interest* gained some credibility in academic circles during the 1960s and provided an avenue for burgeoning New Right academics such as Irving Kristol, Nathan Glazer, Norman

³⁹ Ibid., pp.185-86

⁴⁰ Ibid., p.185

⁴¹ Justin Raimondo, *An Enemy of the State: The Life of Murray N. Rothbard*, Prometheus Books, New York, 2000, pp.157 and 166

⁴² Raimondo, p.173 and Diamond, p.123

⁴³ Diamond, p.125

Podhoretz and Daniel P. Moynihan. The most popular themes in *Public Interest* were analyses of liberal social-welfare programs (including the War on Poverty and Affirmative Action), opposition to the New Left, and dissatisfaction with the Democratic and Republican Parties taxing and spending policies. Frequently whole issues were dedicated to each of these themes. Throughout the late 1960s and 70s one would be hard pressed to find an issue that did not contain a scathing attack upon the welfare state.

Although libertarian publications failed to do more than nudge the edges of the mainstream in the 1960s, by 1971 the mainstream had come to the movement of its own accord. Bored with the New Left and its protest strategies, the mainstream media began to hunt out libertarians for new stories of political 'extremism'. After an article on libertarianism appeared in *The Nation*, Murray Rothbard published two articles in quick succession on the opinion page of the *New York Times*. Rapidly, others began to come forward in search of libertarian stories. *Playboy*, *Esquire*, *Newsweek*, *Time*, the *Wall Street Journal*, the *National Observer*, and the *Washington Post* all published articles on libertarianism.⁴⁴ Although it is probable that the movement was treated as a unique curiosity rather than as an actual political force, ideas about welfare and preferences for a minimal state were aired to millions of Americans at a time when Johnson's War on Poverty had been deemed a failure. In conjunction, Richard Nixon's decision to wind back its associated programs and promote tax cuts in neat succession meant that libertarian ideas would not have seemed as strange to their American audience as one might think. Following such media success the Libertarian Party was formed in 1972. Its first Convention was held a year later in New York. The Party's platform called for an immediate reduction in both taxes and government spending.⁴⁵

The recession years

While libertarians found their ranks increasing around this time, neo-conservatives within the Republican Party felt their movement had reached a dead end. The much-despised Rockefeller was on the verge of Presidential nomination and most Republicans seemed willing to accept him. Neo-conservatives standing on their own

⁴⁴ Raimondo, p.196

⁴⁵ Diamond, p.126

did not possess the clout to stop it. Richard Viguerie despaired that conservatives 'might be close to losing the entire battle to the left' unless something was done.⁴⁶ In 1973 neo-conservatives began to meet with the intention of creating a new and powerful network including neo-conservatives, libertarians and single-issue conservatives with small-state agendas.

The networking had not been long underway before the New Right was delivered a breakthrough opportunity. In October 1973 the world oil crisis occurred. It was followed by stagflation in every Western economy throughout the world and what political analysts have referred to as 'by far the longest and deepest economic downturn the United States has experienced since the Great Depression'.⁴⁷ The Keynesian consensus came under increasing pressure. Even the OECD had by 1973, started to shake off its nickname 'the house that Keynes built' by claiming that the Keynesian economic model no longer fit the facts.⁴⁸ The organisation began referring to taxation as a 'burden' that raised problems with inflation and gave rise to 'serious' economic and political consequences.⁴⁹ Anti-Keynesian economists such as Hayek and Friedman, together with their New Right supporters provided the 'necessary cure': implement supply-side economics, reduce taxes and strip the welfare state.

Throughout the 1960s, Johnson had given assurances that the progress of the poor would not hinder the financial situation of the non-poor.⁵⁰ Now Americans were being told the opposite. Members of the New Right claimed that individuals were fighting over scarce resources. Any extra money spent on welfare would mean a direct increase in taxes. People who had previously regarded themselves as comfortable were now seeing themselves as financially strained. Members of the New Right encouraged this analysis.

⁴⁶ Himmelstein, p.80

⁴⁷ See Thomas Ferguson and Joel Rogers, *Right Turn: The Decline of the Democrats and the Future of American Politics*, Hill & Wang, New York, 1986, cited in Diamond, p.132

⁴⁸ Scott Sullivan, *From War to Wealth: Fifty Years of Innovation*, Organisation for Economic Co-operation and Development, Paris, 1997 p.50.

⁴⁹ Sarah Miskin, *The OECD: Ideas, Institutions and Social Justice*, PhD thesis, Australian National University, 2004, p.189

⁵⁰ Alex Waddan, *The Politics of Social Welfare: the Collapse of the Centre and the Rise of the Right*, Edward Elgar Publishing Company, Cheltenham, 1997, p.106

Throughout the recession and in the following two years, New Right/Republican Party-affiliated organisations experienced a massive funding boost. Congressional Quarterly reported that during the 1972 Congressional elections, right-wing organisations raised \$250 000. By 1976, the figure had risen to \$3.5 million. A great deal of this money was spent on direct mail, which, among other things, outlined the benefits of reduced taxation and the evils of the welfare state.⁵¹ Much of the remainder was spent on getting New Right candidates elected to Congress.⁵²

Much of this funding boost came via the American business community. The business lobby had previously been regarded as an enemy of the New Right. It had lent its support to Roosevelt's New Deal, which to the New Right represented the birth of Keynesianism and a welfare state 'Leviathan' in America. In the decades following it had seemed to offer passive support, or, at least did not speak out against it. But the recession had brought about many changes to influential agendas. The massive campaign upon which the business lobby embarked, proselytising the benefits of the free market and promoting a minimal state, was exclusively concerned with the fortunes and misfortunes of capitalism in America. However, the ideas and agendas of the New Right were visible in the campaign. The needs and desires of capital now often coincided with those of the New Right. In addition, members of the business lobby also belonged to other New Right organisations and supported more broadly focused New Right agendas. This campaign provided a much-appreciated financial and ideological reinforcement.

During the recession the economic situation of corporate America changed dramatically. After-tax corporate profit rates had averaged 7 per cent between 1948 and 1973 peaking at near 10 per cent in 1965. Profit margins plummeted in the recession of 1973-75 and then stagnated averaging less than 6 per cent from 1973 onward.⁵³ In 1974 the Advertising Council, Comptons, and the US Department of Commerce together became the first to embark upon a national campaign of 'economic education'. Among the main protagonists was the largest advertiser in the

⁵¹ Crawford, pp.71-2

⁵² Diamond, p.133

⁵³ Charles Noble, *Welfare as we Knew It: A Political History of the American Welfare State*, Oxford University Press, New York, 1997, p.107

country, Proctor and Gamble.⁵⁴ The campaign's concerns were: high business taxes, chronic government deficits and expanding income maintenance programmes. Common to all of these complaints was a fear of the 'rising tide of entitlement' that threatened the viability of private industry. Those involved in the campaign believed that while people continued to 'demand more and more' from government, private industry began steadily losing its market.⁵⁵ Howard Morgens, the Chief Executive Officer of Proctor and Gamble, urged the business community to follow the campaign and defend the free enterprise system.

We can do this only by educating the public about how the system works. This means we must deepen the public's understanding of how well profits and the profit motive serve the public interest. And this means that we must make the public aware of the penalties that go with any gradual drift toward a government managed economy.⁵⁶

Few businesses needed encouragement. The Chief Executive of Coors Beer, Joseph Coors provided millions of dollars for New Right organisations. He was followed in this by the Scaife, Smith Richardson, Olin and Noble foundations; and the Kraft, Nabisco and Amway corporations just to name a few.⁵⁷ In 1977 Fortune magazine declared the campaign a continuing success. 'The Ad Council campaign is a study in gigantism, saturating the media and reaching practically everyone', it reported.⁵⁸ By 1978 business was spending \$1000 million per year on efforts to influence public opinion at a 'grass roots' level. This excluded think tanks and policy research.⁵⁹

The business-funded New Right think tanks were responsible for spreading the word at the level of academics, tertiary students and politicians. Their publications were intended to counter what the New Right saw as the majority left-wing opinion within academia. The American Enterprise Institute (AEI) and the Heritage Foundation in particular hired right-wing academics to pump out reports proving the Institutes'

⁵⁴ Carey, 'Social Science, Propaganda and Democracy', p.71

⁵⁵ Himmelstein, p.136

⁵⁶ US Congress, 30 July 1975, cited in Carey, 'Social Science, Propaganda and Democracy', p.71

⁵⁷ Diamond, p.133

⁵⁸ Alex Carey, 'The Ideological Management Industry', in Ken Buckley and Ted Wheelwright (eds), *Communications and the Media in Australia*, Allen & Unwin, Sydney, 1987, p.161

⁵⁹ Ibid.

opinions and theories on the economy and the welfare state. The think tanks were often referred to as possessing a 'staff ideology'. In one Institute at least, reports that did not accord with this ideology were shelved.⁶⁰

In 1974 the AEI published its first 'recession time' pamphlet. Written by the neo-conservative Seymour Martin Lipset, from a lecture sponsored by the AEI and delivered in Dearborn Michigan, it was titled: *Opportunity and Welfare in the First New Nation*. The pamphlet detailed the failures of the welfare state and mentioned among those failures the harm done to recipients themselves. Lipset also revived existing animosities about the influx of welfare recipients to the cities in the 1960s and played on urban non-welfare recipients' fears that a 'struggle for resources' was occurring.⁶¹

Currently, a major source of the difficulties in metropolitan areas is the enormous cost and the high social morbidity rate involved in absorbing the growing number of people who have moved to the cities, in part to take advantage of economic opportunity and of higher standards of welfare support. To a considerable degree the breakdown of urban services in many communities is a consequence of having to pay for welfare.⁶²

The following year the AEI released a full-length book reiterating the same themes and theories. Written by Edgar K. Browning, *Redistribution and the Welfare State* included a claim that 'poverty had become virtually nonexistent in America by 1973' and that 'government statistics on the money incomes of low-income families are totally unreliable as a measure of the real income of these families.'⁶³ In his concluding remarks Browning advocated a Milton Friedman style cash transfer program together with the abolition of most other welfare programmes.⁶⁴ Many AEI publications discussed and promoted Friedman's negative-income-tax plan as a

⁶⁰ Crawford, p.30

⁶¹ Seymour Martin Lipset, *Opportunity and Welfare in the First New Nation*, American Enterprise Institute for Public Policy Research, Washington D. C., 1974

⁶² Ibid., p.14

⁶³ Edgar K Browning, *Redistribution and the Welfare System*, American Enterprise Institute for Public Policy Research, Washington D.C., 1975, p.5

⁶⁴ Ibid., p.122

substitute for welfare. The theory that welfare bureaucracy (and the professional class of social welfare workers it supported) would be abolished was frequently cited as an ideologically and financially beneficial consequence.⁶⁵

One very important New Right publication to emerge at the height of the recession was *The Incredible Bread Machine*. First published in 1974, 150 000 copies had come off the printing press by 1976. Following the success of the book, a film was made and broadcast on television and then distributed to schools. Among the film's most notable 'stars' was the economist Milton Friedman.⁶⁶ The book was designed to appeal to a broad populist market. Most of the chapters, each written by a different contributor, included stories and rhetorical questions and invoked a populist wisdom in order to illustrate libertarian theories about taxation and the welfare state. Lines such as 'A sick economy is not cured by more intervention any more than a drug addict is cured by more drugs' put forward an image of a nation 'dependent' on government 'hand outs' in spite of its own best interests.⁶⁷ In addition, the authors claimed that taxpayers had become the most maligned of all Americans and that the act of redistribution through the taxation system was tantamount to criminal theft.

If a person robs you, we recognise that he has performed a wrongful act. But suppose some third party seizes your property in [sic] his behalf? Has the wrongful content of the act been altered? Suppose the third party is called a tax collector? Has the act of plunder suddenly become something noble and humanitarian? When a government seizes your money in order to pay for programs that support others, how has its actions differed from that of a thief?⁶⁸

According to the authors the government had not only committed a crime against the American taxpayer, it had stripped the taxpayer of his or her freedom and placed him or her in 'servitude'. 'There is virtually no difference in principle between forced

⁶⁵ See for example: Wilbur J Cohen et. al., *Welfare Reform: Why?*, proceedings of a round table held under the joint sponsorship of the American Enterprise Institute, Washington D.C., and the Hoover Institution, Stanford, California, May 20, 1976

⁶⁶ Susan Love-Brown et. al., *The Incredible Bread Machine*, The Institute, San Diego, 1974, information supplied on dust jacket.

⁶⁷ Ibid., p.52

⁶⁸ Ibid., p.107

collection of money and forced servitude. In either case the individual is compelled by force to serve others.’⁶⁹ *The Incredible Bread Machine* was one of many popularised versions of libertarian philosophy produced for mass consumption during the recession. The key inspiration here was the philosopher Robert Nozick, with some Randian objectivism thrown in for good measure.

Robert Nozick was the first libertarian philosopher of the New Right period to concentrate on ‘property rights’ and ‘taxpayers’ rights’ as a direct opponent of welfare rights. His most famous work *Anarchy State and Utopia*, also written in 1974, claimed that the only legitimate ‘rights’ were those based upon the individual’s right to be free from ‘coercion’ and ‘fraud’. Rights did not exist at the group level.⁷⁰ Therefore, welfare rights could not exist. Not only that, welfare was a violation of ‘legitimate rights’ based upon these principles.

[Y]our being forced to contribute to another’s welfare violates your rights, whereas someone else’s not providing you with things you greatly need, including things essential to the protection of your rights does not *itself* violate your rights.⁷¹

While blame for the ‘violation of rights’ can be attributed to government, Nozick argued that welfare recipients themselves were also to blame for accepting the ‘stolen goods’. Welfare, he claimed, is a voluntary exchange. The only exchanges that can be regarded as involuntary are those that we are physically unable to stop. Taxation, therefore, is involuntary while welfare is voluntary. Any ‘voluntary’ violation of someone else’s rights must be rectified. The most appropriate way to do this, according to Nozick, would be to cancel all welfare payments and force the recipients to repay all monies received. Force, under these circumstances, was regarded as acceptable. Property rights could, after all, only apply to the original owner of the property or to the person who acquired it through ‘fair and voluntary’ exchange.⁷²

⁶⁹ Ibid., p.110

⁷⁰ Robert Nozick, *Anarchy State and Utopia*, Basil Blackwell, Oxford, 1974, p.90

⁷¹ Ibid., p.30

⁷² Ibid., p.262 and p.153

Neo-conservatives found less cause to celebrate Nozick's anarchism than libertarians did. And while supporting, in principle, the ideas of Ayn Rand, many neo-conservatives found the practical application of 'selfishness' to be unviable. Since the late 60s, the neo-conservative movement had been espousing its own, milder form of 'property rights' and 'selfishness' based on the idea that government spending needed to be *regulated* to fall in line with the desires of the money's rightful 'owners', the taxpayers. The preferred neo-conservative line was that while taxation was necessary, it should be limited in scale and used only to fund 'necessities'. These 'necessities' differed, depending mostly on what a particular neo-conservative wanted to abolish and not upon what he or she wished to endorse.

According to neo-conservatives, the property of taxpayers had always and increasingly been spent on 'wasteful' schemes. The most wasteful schemes of all were those engendered by Johnson's War on Poverty. Too often this property went towards supporting a 'new class' of welfare bureaucrats and middle-class intellectuals ensconced within the 'social justice industry'. In addition, welfare programmes such as the War on Poverty and welfare agencies such as the OEO were deemed to be failures. It was constantly stated that these programmes did more harm than good to the poor. Therefore, if welfare spending was decreased, 'ordinary Americans' would benefit through tax cuts while overpaid bureaucrats would get a 'dose of reality', perhaps even benefiting the poor in the long run.

The idea of a 'new class' originated with anarchist critics of Marxism such as Mikhail Bakunin. Bakunin predicted a Marxist revolution would not benefit the proletariat but would instead bring forth 'a new class, a new hierarchy of real and pretend scientists and scholars [of] state engineers who will constitute the new privileged scientific-political class.'⁷³ A century later the idea reappeared, only now the word 'proletariat' had been replaced by references to 'the poor' or 'underprivileged' and 'revolution' or 'communism' by 'the welfare state'. Not only did the resurgence of new-class discourse enable the neo-conservative movement to attack the welfare state in its various forms, it also brought forth an opportunity to attack the New Left whose members either worked in or supported welfare state activities.

⁷³ Mikhail Bakunin quoted in Daniel Bell, *The Coming of Post-Industrial Society: A Venture in Social Forecasting*, Heinemann, London, 1974, p.97

Middle-class members of the New Left had some trouble retaliating. As Barbara Ehrenreich has proposed in her book *Fear of Falling: The Inner Life of the Middle Class*:

The intellectuals on the right understood the anxieties of their class only too well. They had launched their attack on the poor under cover of a larger moral campaign against permissiveness and self-indulgence. And on these charges, liberals had no defence: not because they had been too permissive, or in all likelihood, self indulgent, but because this is what they feared.⁷⁴

The new class concept gained an inordinate strength in comparison to other neo-conservative concepts emerging at the time. This is partly because it encompassed a popularised version of neo-conservative and libertarian thought, but also because the concept could be, and was, used by anyone who opposed New Left welfare schemes. This included the Old Right, economic libertarians, neo-conservatives, and, the Old Left faction of the Democratic Party. These Old Left Democrats denounced the rise of the 'New Politics' faction within the Party as a design of the 'new class' and claimed that it had little in common with the aims and beliefs of 'traditional' working class Democrat voters.⁷⁵ Its new wave origins and primary proponents were, however, located firmly within the neo-conservative movement.

The discourse found its way into many New Right publications. Whole issues of *The Public Interest* were devoted to it. Others just seemed to be. Irving Kristol, its editor, seemed to write about nothing else. Included among his many claims about the new class were threatening prophecies about grand plans and 'hidden agendas' that had nothing to do with the well being of their clients.

They are, as one says, 'idealistic'—i.e., far less interested in individual financial rewards than in the corporate power of their class. Though

⁷⁴ Barbara Ehrenreich, *Fear of Falling: The Inner Life of the Middle Class*, Pantheon Books, New York, 1989, p.194

⁷⁵ Tim Dymond, 'A History of the New Class Concept' in Sawyer and Hindess (eds), p.67

they continue to speak the language of "Progressive-reform," in actuality they are acting upon a hidden agenda: to propel the nation from that modified version of capitalism we call "the welfare state" toward an economic system so stringently regulated in detail as to fulfil many of the traditional anti-capitalist aspirations of the Left...Gradually, the traditions of the left are being absorbed into the agenda of 'progressive-reform', and the structure of American society is being radically, if discreetly, altered.⁷⁶

The idea of 'socialism by stealth', being carried out under the guise of the welfare state, combined the fears of the Old Right and the new. Appeals to the Old Right's 'strong state' stance were also present in the new-class discourse. Samuel P. Huntington, for example, claimed that the 'new class' had, through its excessive spending and wasteful government schemes, caused a decline in the public's trust of government, thereby *weakening* the state. If the Old Right wanted the state to be strong once more, it had to support a dramatic cut in welfare programmes and in the welfare bureaucrats that made up the 'new class'.⁷⁷

As well as uniting strong state conservatives and minimal state proponents by focussing upon the 'degraded' nature of the state, 'new class' discourse also appealed directly to the paternalist streak within the Republican and Democratic Parties. One of the most common claims was that the welfare state did not really benefit the poor, but rather circulated money around the middle class. This occurred because 'over paid' and 'under productive' welfare workers took the lion's share of welfare funds and because these workers, as part of the 'new class', looked after other members of the 'new class', ensuring that the money gained from taxes was distributed widely among the income spectrum. David A Stockman, for example claimed that it was *because of* the distribution patterns devised by the 'new class' that poverty still existed.

It is obvious, of course, that even the \$80 billion in annual social welfare spending outside of the regressive social security system does not go to the poor or near poor. If it did, the officially estimated

⁷⁶ Irving Kristol, 'On Corporate Capitalism in America', *The Public Interest*, no.41, Fall 1975, p.135

⁷⁷ Samuel P Huntington, 'The Democratic Distemper', *ibid.*, p.17

poverty gap of \$12 billion could be closed seven times over, and the implicit \$13 000 per family of four poor persons would make even the National Welfare Rights Organisation look like pikers. The truth of the matter is that these huge sums are diluted across nearly the entire range of the income spectrum, a factor which both explains their political staying power and also why we still have 25 million poor Americans in a \$1.5 trillion economy.⁷⁸

The new class of welfare workers was therefore deemed responsible for high taxes, waste, the degradation of the state, the improper use of the state for personal gain, the growth of the state and bureaucracy, socialism by stealth, and poverty. Across the political spectrum, but outside of the New Left, politicians and intellectuals were already questioning the welfare climate of the 1960s and early 70s. The new-class discourse both strengthened and escalated existing welfare animosity and, in all probability, attracted new recruits. Advocates could pick any of the above reasons for opposing welfare in its existing form. The solution put forward by neo-conservatives was a little more specific: the drastic alteration of the welfare state, in actuality, the abolition or extreme dilution of many of its programmes.

Richard Nixon and the Republican Party

During the economic stagflation of 1968, Richard Nixon was elected President of the United States. Among his key advisors he counted Daniel P Moynihan as Head of Urban Affairs, and Milton Friedman as economic advisor. Other members of the New Right had also begun to influence the Republican Party. In particular 'Draft Goldwater' activists had, since the 1964 Presidential campaign, continued to pump money and organisational resources into the election of New Right candidates and into the expansion of New Right pressure groups.⁷⁹ The movement supported the Republican candidate in 1968 despite a presidential bid by Conservative, American Independent Party candidate George Wallace. The decision to back Nixon and oppose Wallace reflected the New Right's primary concerns just as it did the shifting agenda within the Republican Party.

⁷⁸ David A. Stockman, 'The Social Pork Barrel', *The Public Interest*, no. 39, Spring 1975, p.17

⁷⁹ Diamond, p.128

As a candidate Wallace was certainly part of the rising tide of reaction against 'liberalism'. He was an opponent of the civil rights movement and a segregationist, a strong supporter of the Vietnam War and a 'law and order' advocate. His status as enemy and baiter of the New Left had also endeared him to Conservatives across the nation. These, however, were not the main concerns of neo-conservatives in 1968. In their campaign against Wallace, the same neo-conservative men and women who had four years earlier supported a similar candidate in Barry Goldwater protested that Wallace would bring the country to ruin. Their main complaint was that as Governor of Alabama he had built a huge welfare state and that his presidential campaign supported public works programmes and social security increases.⁸⁰

Nixon's time in office reflected these shifting emphases. What is particularly interesting about Nixon's first term in office is that, unlike other Western countries eventually converted to economic liberalism, Nixon's discursive approach to welfare, encompassing elements of supply-side economics and plans to cut the government sector, seems to pre-date the establishment of a strong New Right organisation. In a sense, the discursive climate that Nixon helped to create must have encouraged the New Right and increased their chances of moving in from the periphery. Given that two of their strongest advocates were now advising a somewhat receptive President in the midst of an economic downturn, it could be argued that the New Right had already infiltrated the mainstream but were just now given a chance to shine.

As soon as Nixon took office, he and Moynihan embarked upon a public exposé of what they called the 'welfare crisis' in America.⁸¹ Taking New York's increasing welfare caseload as their example, they warned Americans that welfare itself was on the brink of collapse. In August 1969 Nixon appeared before the nation again invoking the existing 'urban disorder and welfare' link that had emerged during Johnson's 'War on Poverty'.

We face an urban crisis, a social crisis—and at the same time a crisis of confidence in the capacity of government to do its job. Our states

⁸⁰ Himmelstein, p.78

⁸¹ Bruce J Schulman, *The Seventies: The Great Shift in American Culture, Society and Politics*, Da Capo Press, Cambridge USA, 2002, p.33

and cities find themselves sinking in a welfare quagmire, as case loads increase, as costs escalate, and as the welfare system stagnates enterprise and perpetuates dependency.⁸²

Harking back to Moynihan's work on *The Negro Family*, Nixon also claimed that welfare had 'created an incentive for fathers to desert their families', therefore leading to more social unrest.⁸³ The solution to this problem came from Milton Friedman. In the same speech Nixon put it to the American people that the entire welfare system should be abolished and replaced with a minimum guaranteed income for every American family, or in Friedman's terms, a negative income tax. In addition, he planned to eliminate the 'large army of social workers' running the welfare system.⁸⁴ Nixon went on to dismantle or at least attempt to dismantle most of the principal agencies of Johnson's War on Poverty.

Nixon's use of New Right rhetoric and isolated supply-side schemes represented a victory, of sorts, for the New Right. However, as the Presidential term moved on it became clear to economic liberals that Nixon had his own agenda, one quite different to the one he espoused. In fact, it seemed that Nixon was using the language of the New Right to settle old scores, not to build a new economic climate in which the small state would prevail. Far from *believing* in the 'miracle' of supply-side economics as a means of overcoming the stagflation of 1968, Nixon used it to sell his plans to abolish the programmes of his 'enemies': 1960s east-coast liberals, in particular, those associated with the OEO.

When faced with the prospect of voter backlash, Nixon claimed:

Government spending is a lousy issue. People are for spending...You have to hit on higher taxes. You never debate the programs. By cutting the budget back, we are avoiding more taxes and that's the line we have to use.⁸⁵

⁸² Ibid, p.32

⁸³ Ibid.

⁸⁴ Ibid.

⁸⁵ Ibid, p.41

Nixon replaced these schemes with his own, in the end spending around the same on welfare as his predecessor.⁸⁶

Throughout his first term Nixon increasingly saw the use of the New Right welfare rhetoric as a winning strategy. As a result he ran his second campaign on the theme of 'small government', intoning in his second inaugural address 'government must learn to take less from people so that people can do more for themselves' and, playing on the words of JFK, 'in our own lives, let each of us ask—not just what will government do for me, but what can I do for myself?'.⁸⁷ In developing this as a winning strategy, Nixon, again, promoted the ideas of the New Right, though perhaps unconsciously.

The development of this strategy arose, for the most part, not from the new-class discourse developing within the New Right but from the work of two Democrats hoping to revive their own Party. In August 1970, while vacationing in San Clemente, Pat Buchanan gave Nixon a copy of *The Real Majority* by Richard M. Scammon and Ben J. Wattenberg. The book claimed that the key to understanding and winning a majority of voters was the '47 year-old Catholic housewife in Dayton, Ohio whose husband is a machinist'.⁸⁸ The authors went on to explain that this mythical voter represented America, she had mixed views about race and civil rights, was distressed about drugs and crime, and most importantly, had 'always voted with her pocket book'. Nixon took this advice and began to interpret the Dayton housewife and her husband as voters who were 'fed up with liberals, bureaucracy and big government'.⁸⁹ 'We've had enough social programs: forced integration, education, housing' Nixon told his chief of staff as the 1972 election approached. 'People don't want more on welfare. They don't want to help the working poor, and our mood has to be harder on this not softer'.⁹⁰

Although Nixon's agenda could not be described as belonging to the New Right, his rhetoric can be. Nixon did not cut 'big government' down or remove the 'welfare quagmire' he spoke of. What he did do was arguably of equal benefit to the New

⁸⁶ Ibid., pp. 28–29

⁸⁷ Ibid., p.26

⁸⁸ Richard M Scammon and Ben J Wattenberg, *The Real Majority*, New York, 1970.

⁸⁹ Schulman, p.40–41

⁹⁰ Ibid., p.41

Right movement. He softened up the public to New Right discourse, particularly in the area of welfare reform. When the New Right broke through during the oil embargo of 1973, and the recession that followed, their ideas took no one by surprise. To Americans who'd been hearing them for five years, from the President himself, New Right economics must have seemed like common sense.

Britain and the New Right push

In 1970 Edward Heath became Prime Minister on the back of a failing economy. Inflation was at 7 per cent, as were interest rates, unemployment was high, and the balance of payments looked to be in perpetual crisis.⁹¹ In much the same way as Nixon had done, Heath entered government with a rhetorical commitment to winding back state intervention in the economy, and in particular, to winding back the welfare state. For the duration of his term, however, he retained a Keynesian perspective, leading eventually to his famous policy 'U Turn' in 1972.

The U Turn sparked ire among those conservatives who had placed faith in Heath's ability to dismantle an 'overblown state' and implement a market economy. Within and outside of the Conservative Party small-state advocates began pursuing an alternative. As their strength and numbers grew, especially during the stagflation and recession of 1973-4, it began to seem likely that they would force a rightward shift. These factors together with Heath's 'U Turn', provided a unique opportunity for Britain's New Right to shift from the periphery to the mainstream. However, the development of the British New Right occurred along side the American New Right in the mid-to-late 1960s. Britain's neo-conservatives, confronted with economic troubles that had come to bear under a Labour government during the latter part of the decade, felt an affinity with the emerging New Right movement in America. Much of what the American movement was saying about Johnson's failed War on Poverty also seemed to ring true for Britain. American New Right commentators such as Milton Friedman began to appear among the bookshelves, conversations, and social engagements of British conservatives while right-wing think tanks with substantial

⁹¹Daniel A Yergin and Joseph Stanislaw, *Keith Joseph*, documentary transcript, Commanding Heights, PBS, 1998, viewed 1 June 2005, www.pbs.org/wgbh/commandingheights/shared/pdf/prof_keithjoseph.pdf

publication ambitions, and the funding to back them up, also sprang to life, forging links with their American counterparts.

One of the forefathers of England's New Right movement was a co-founder of its most influential think tank, the Institute of Economic Affairs (IEA). Arthur Seldon became a disciple of Friedrich von Hayek while under his tutelage at the London School of Economics in 1937. Two decades later he founded the IEA with Ralph Harris and Antony Fisher and set about writing and publishing Hayekian tracts on the failure of the welfare state.⁹² His status as 'expert' on welfare and its failures earned him and the Institute some press attention in the late 1960s, particularly at times when a counter view needed to be expressed. In fact, the cultivation of press attention was part of the IEA's carefully devised strategy as a fledgling organisation. In the words of Ralph Harris:

[O]ur target was frankly journalists, writers on good papers, the *Financial Times*, *The Times*, the *Guardian* because if they would review our books, they would multiply the effect, and the books themselves were devised accordingly.⁹³

Getting journalists to engage with the material took 'five to ten years' according to Seldon. Throughout this time, the Institute invited them to 'launches and lunches. Journalists like lunches with a drink and snacks.'⁹⁴

Press attention also came readily throughout the economic downturn of the late 60s. Throughout this time members of the governing Labour party began to associate with the think tank and in some cases, to convert to Seldon's market liberalism. The IEA occasional paper no 16 of 1967, *Paying for Social Services*, was written by Douglas Houghton, who, until six month previously, had been the Minister for Social Services

⁹² Among those published during the 1960s alone were titles such as: *Agenda for a Free Society: Essays on Hayek's The Constitution of Liberty*, Institute for Economic Affairs (IEA), London, 1961; *Universal or Selective Social Benefits?* IEA, London, 1967; *Taxation and Welfare: a Report on Private Opinion and Public Policy*, IEA, London, 1967; *After the NHS: Reflections on the Development of Private Health Insurance in Britain in the 1970s*, IEA, London, 1968.

⁹³ Ralph Harris and Arthur Seldon with Stephen Erickson, *A Conversation with Harris and Seldon*, IEA, London, 2001, p.31

⁹⁴ *Ibid.* p.32

in Harold Wilson's Labour Government. After meeting Seldon at a conference and having a brief conversation he had agreed to write the paper based on his experiences in government. Houghton concluded that the country could no longer afford to go on spending large amounts on social services and that individuals should be encouraged to spend more on social services themselves.⁹⁵ After a spate of press attention, a second print run of the pamphlet was sent out in 1968.⁹⁶

Brian Walden, then a Labour MP, also garnered much attention for the Institute with his favourable review of Seldon's 1969 book *After the NHS*, originally published in the *British Hospital Journal and Social Service Review*. Encouraging an engagement with New Right ideas at the parliamentary level, he wrote:

It was not long ago that all right-thinking citizens agreed that Britain had the finest Welfare State in the World... All this has now changed. The current debate about the future of Welfare can do nothing but good. For too long every major problem in Welfare has been the victim of intellectual sloth. Humanity is only too ready to believe that it has 'solved' a problem, if only the problem can be hidden away and a decent silence maintained about it. It is a matter for rejoicing that the silence over Welfare has ended.⁹⁷

The IEA's relations with dissenting Labour Party members gave the press much to talk about, but it was from within the Tory Party that the Institute, predictably, gained its most influential disciples. Keith Joseph contacted the Institute in 1964 following a Tory defeat.⁹⁸ At around the same time, Margaret Thatcher was introduced to its founders. As mentioned previously, Thatcher's main interest at the time lay in welfare economics. After a three-year junior ministerial post at the Ministry of Pensions, she called upon the IEA to help her refine her arguments for increased private provision in

⁹⁵ Douglas Houghton, *Paying for Social Services*, IEA Occasional Paper no. 16, IEA, London, 1967, cited in Richard Cockett, *Thinking the Unthinkable: Think-Tanks and the Economic Counter-Revolution, 1931-1983*, Harper Collins, London, 1995, p.144

⁹⁶ Cockett, p.144

⁹⁷ Brian Walden, 'After the NHS', review, *British Hospital Journal and Social Service Review*, 21 February 1969, cited in Cockett, pp.147-8

⁹⁸ Harris and Seldon with Erickson, pp.50-51

social welfare.⁹⁹ Geoffrey Howe, another Tory disciple of the IEA, hoped the think tank would strengthen and temper Thatcher's anti-redistribution argument so that she would one day be more influential. 'I am not at all sure about Margaret', he wrote in a letter to Seldon and Harris,

Many of her economic prejudices are certainly sound. But she is inclined to be rather too dogmatic for my liking on sensitive matters like education and might actually retard the case by over simplification. We should certainly be able to hope for something better from her—but I suspect that she will need to be exposed to the humanising side of your character as much as the pure welfare market monger. There is much scope for her to be influenced between triumph and disaster!¹⁰⁰

Thatcher went on to adopt so many of the IEA's ideas that Seldon later remarked, with indignation 'in the sense that she had copied some of the things that we had argued for years and years and years, to call it by her name, it is arguable that we anticipated her.'¹⁰¹

Apart from some notable works on advertising, Seldon and Harris were almost exclusively concerned with the welfare state. Having both grown up in working-class neighbourhoods, both felt qualified to speak about what the poor needed and wanted and to dismiss the arguments made by 'elites' and social workers in favour of state intervention. Seldon and Harris both projected a version of the new-class discourse emerging from the United States. In an article published in the *Daily Telegraph* in 1970 Seldon argued that the 'kindly rich' only supported the welfare state in order to appease their own 'bad consciences in making or inheriting money'. In addition, he claimed that policy makers had abrogated the responsibilities of the individual to

'arrogant social workers, sociologists and socialisers....Instead of taxing people for 'free' services it [the government] must pump money

⁹⁹ Cockett, p.171

¹⁰⁰ Brian Howe to Arthur Seldon, 28 Oct 1969, IEA papers, cited in Cockett, p.171

¹⁰¹ Harris and Seldon with Erickson, pp.53–54

into their pockets so that they can pay with dignity, and learn through choice the knowledge and self-confidence of the middle classes.¹⁰²

Harris, in an interview years later claimed that during these years, if he met public-school boys, he would 'mock their county accents because these were the people who would condescend to help workers along with little state hand-outs and subsidies and benefits'.¹⁰³ Both Harris and Seldon advocated a system akin to Friedman's negative income tax, to be determined by the market.

While the IEA took an active role in the tutelage of Joseph, Howe and Thatcher, it also began to extend its influence on the international scene. Seldon, Harris and Fisher were all members of the Mont Pelerin Society and during its annual meetings, made lasting connections with international figures such as Milton Friedman and George Stigler.¹⁰⁴ And, with the financial assistance of Antony Fisher, similar Institutes were set up throughout the mid-to-late 60s in various parts of the world. The Fraser Institute in Canada was just one of nearly a hundred Institutes modelled on the IEA.¹⁰⁵

Like Joseph, Howe and Thatcher, the IEA had placed faith in the Heath Government's stated economic liberalism. They were sorely disappointed. In September of 1973, the Tory MPs founded the 'Selsdon Group', named after the place at which their first official meeting took place: the Selsdon Park Hotel. Its purpose was to work within the Party to force a change of leadership and economic direction.¹⁰⁶ It became the first of many fringe groups actively attempting to push the party to the right. The Selsdon Declaration outlined the group's position on welfare:

We oppose the view that the State should have a monopoly in health, housing, education and welfare. We uphold the right of the individual to cater for his own preferences in the market, believing that State provision should supplement rather than replace private provision.¹⁰⁷

¹⁰² Seldon, 'A Time Now for Self-Help', *Daily Telegraph*, 8 Oct 1970

¹⁰³ Harris and Seldon with Erickson, p.35

¹⁰⁴ Ibid., p.42

¹⁰⁵ Ibid., p.44 and Milton Friedman, 'The IEA's Influence in our Times', in *ibid.*, pp.70-72

¹⁰⁶ Cockett, p.212

¹⁰⁷ Selsdon Group, 'The Selsdon Declaration', adopted September 1973, cited in Cockett, p.213

The following month, the international oil shock occurred.

Harold Wilson's Labour Government came to power in March 1974. After an initial agenda of nationalisation, guided by the Secretary of State for Industry Tony Benn, it responded to the recession and alarming stagflation with a rapid retreat from spending. By 1975, a monetarist position on the economy had become dominant within the Labour Party.¹⁰⁸ Within just two years, the ideas of the IEA and the Selsdon group, previously sidelined by mainstream politics, had displaced Keynes in their struggle to define a new 'common sense'. All their predictions about Keynes and the economy appeared to come to pass. Not only was this true within the Tory Party, but, as with Keynesianism, a policy 'consensus' had crept upon the two parties. That same year, Margaret Thatcher became leader of the Tory Party.

As Keynesianism appeared to be dying a sudden death, Keith Joseph gave perhaps its most famous obituary in the form of the Upminster Speech of 1974.

For the past 30 years in our party competitive efforts to improve life, we have overburdened the economy. We have overestimated the power of government to do more and more for people, to re-shape the economy and indeed human society, according to blueprints. We have tried to take short cuts to Utopia.¹⁰⁹

In a nod to the New Right's preoccupation with displacing the new class, he added: 'Our well-intentioned social workers and misguided left-wing teachers have between them helped to erode the will to work' and '[n]ever in the course of this nation's history have so many good intentions by so many people created so many disappointments.'¹¹⁰

In the same year, Thatcher and Joseph founded the Centre for Policy Studies in order to continue the nation's conversion. Joseph claimed that the centre had been founded

¹⁰⁸ Ibid., p.216

¹⁰⁹ Keith Joseph, 'This is not the Time to be Mealy-Mouthed: Intervention is Destroying us', Upminster, June 22 1974, in Keith Joseph, *Reversing the Trend: A Critical Re-Appraisal of Conservative Economic and Social Policies, Seven Speeches by the Rt. Hon. Sir Keith Joseph Bt. MP*, Barry Rose Publishers, London, 1975, p.7

¹¹⁰ Ibid., p.9 and p.22

in order to 'survey the scope for replacing increasingly interventionist government by social market policies and to seek to change the climate of opinion in order to gain acceptance for them'.¹¹¹ The climate was receptive. The collapse of Keynesianism opened up the way for alternative economic agendas to come through. The New Right offered an alternative that seemed to abrogate governments of future responsibility for its citizens in high-cost areas. Not only that, similar economic agendas were being implemented to various degrees all over the Western world, mainly on the advice of prominent figures such as Milton Friedman and Friedrich von Hayek, men who had also played an influential role in the ideas of the British New Right.

The left had been predicting and fearing the rise of the New Right in Britain since the 1960s. David Collard of the Fabian Society warned in his publication *The New Right: A Critique* that 'the majority of academic economists have not taken the New Right seriously' and that the IEA was already 'influential'. While others on the Left debated issues such as nationalization, Collard claimed that the 'left is being successfully out-flanked by the New Right'.¹¹² Certainly, the organisational power of the New Right in Britain and America built steadily throughout the 1960s and in the lead up to the oil crisis of 1973. In America a mild stagflation had already occurred. An American President had employed an anti-welfare and small-state discourse, albeit without the practical implementation of such an agenda. Members of the New Right network such as Daniel P Moynihan and Milton Friedman held positions of power and influenced others in these positions. However, without the recession it is doubtful that the New Right would have been given the opportunity to move from the periphery to the centre of politics in Britain or the US.

The following chapters will examine how Australia came to be part of this global hegemonic project. They will argue that rational actors within established institutions and purpose-built think tanks transported and rearticulated the ideas of the American and British New Right while at the same time building a New Right network within Australia. New Right anti-welfare discourse was therefore constructed within this global sphere. Its transformation into dole-bludger discourse required the

¹¹¹ Keith Joseph, 'Foreword' in *Why Britain Needs a Social Market Economy*, Centre for Policy Studies, London, 1975, p.3

¹¹² David Collard, *The New Right: A Critique*, Fabian Tract no. 387, 1968, cited in Cockett, p.158

incorporation of peculiarly Australian concepts and discourses in order to fully articulate the lived experience of Australian people.

2

The growth of new right welfare ideas in Australia

Throughout the late 1960s, and in the years leading up to the recession of 1974, Australian New Right figures lacked a coherent organisational structure. The libertarian movement, present most visibly in the Sydney University Freethought Society and, after the split, in the Libertarian Society, could more adequately be described as a left-wing anarchist group.¹ Their philosophy was based on the early thought of Sydney University philosophy lecturer John Anderson and encompassed elements of anti-authoritarianism, anti-planning and pluralism. The society was, however, opposed to activism and 'political manipulation' and, in keeping with a devotion to pluralism, maintained that the views of the group were not applicable to the rest of society.² Despite including among its members influential figures such as Justice Michael Kirby, and notable philosophy academics such as David Armstrong and John Mackie of Sydney University and A. J. Baker of Macquarie University, the group remained very insular.³ The right-wing arm of the Andersonians, also Sydney based, was more committed to the 'Old Right' Cold War cause than to economic libertarianism.

Unlike its American counterpart, the libertarian movement did not have any members in positions of political or administrative power willing to engage in 'political manipulation'. A Libertarian Party did not exist until 1975, when it appeared in the form of the Workers Party. And, with the exception of David Kemp, a Yale PhD candidate who had returned to Australia in 1972 to serve on various parliamentary committees, there were no New Right figures within the ranks of the Liberal Party. In

¹ Anne Coombs, *Sex and Anarchy, The Life and Death of the Sydney Push*, Viking Books, Ringwood, 1996

² John Docker, *Australian Cultural Elites: Intellectual Traditions in Sydney and Melbourne*, Angus and Robertson, Sydney, 1974, p.151

³ Docker, p.155; AJ Baker, 'Sydney Libertarianism and the Push', *Broadsheet*, no. 81, March 1975, and Anon. 'Philosophy at Sydney University', viewed 11 March 2006, www.library.usyd.edu.au

contrast to the US, Australia's grassroots New Right activists were virtually non-existent. Unlike the US and the UK, there was no peripheral group of men and women ready and waiting to stage a coup come the recession.

Despite this seemingly insurmountable hurdle, an Australian New Right agenda and discourse did exist during these years. Like those of the US and the UK, it became powerful and mainstream during the recession and increased its power in the post-recession years. What is different about Australia during these years is that it did not need a grass roots New Right network. As small-state and anti-redistribution ideas emerged in America and the UK, powerful Australians began to change their outlook. Links were forged between overseas New Right figures and influential Australian institutions, among them, the Treasury, the Associated Chambers of Commerce in Australia (ACCA) and the most influential economic think-tank in Australia, the Institute of Public Affairs (IPA). This chapter will trace the transfer of ideas from America and the UK to Australia. It will argue that an exchange between international New Right figures and key figures within Australian institutions enabled New Right welfare ideas to enter the mainstream during the recession of 1974. It will also show that a wider anti-redistribution movement continued to grow in the post-recession years. Importantly it will argue that a 'collapse of Keynesianism' was not an automatic affect of the recession. The recession simply allowed a space within which Keynes could be questioned. It was up to members of the New Right to construct their own theories and agendas as common sense and to discredit Keynes in the process. For this reason, this chapter will contribute to the argument that the 'shift' to neo-liberalism in Australia does not represent a 'paradigm shift' in which one set of theories *naturally* replace another in a time of crisis, rather it represents a conscious hegemonic struggle to displace old theories and reconstitute others as the prevailing 'common sense'.

The Institute of Public Affairs

The Victorian Chamber of Manufacturers in 1941 and 1942 formed the Institute of Public Affairs. C D Kemp in submitting his proposal for the formation of the Institute spoke of the need to influence both businessmen and the general public, and to contribute to the welfare of the nation. Institutes were formed in Victoria, New South Wales, South Australia and Queensland in 1943. The IPA network, and in particular the Victorian branch, became extremely influential within Australian politics, not only

advising and collecting funds for non-Labor political interests, but eventually, with the exception of the NSW branch, playing a decisive role in the formation of the Liberal Party of Australia.⁴ The Victorian branch went on to provide much of the platform and propaganda for Liberal-Party-contested election campaigns in the coming years. By the time the Institute of Public Affairs began promoting small state and anti-redistribution agendas their position in Australian society was already well established.

From its inception the IPA supported with some reservation the economic theories of John Maynard Keynes. Small enclaves within the Institute, particularly within the NSW branch, had contested Keynes, believing it 'a fundamental perversion of how the economy could and should work'.⁵ Their support for the unpopular theories of Austrian economist Friedrich von Hayek had very little influence on the Institute in either its capacity as Liberal Party advisor or as proselytiser for capitalism. By the early 1970s however, these enclaves began to extend. A recession in 1974 helped anti-Keynesian economists to 'disprove' Keynes's theory within the Institute and to offer Hayek as a substitute. Influential American and British converts helped the 'enclaves' to bring about a shift to broadly defined New Right economics. Like American and British think tanks, the IPA began calling for a reduction in the rate of public spending and personal income tax. These calls would become louder in the years that followed.

By the time New Right economics began to exhibit real power within the IPA, the think tank's influence extended far within politics, media and education. The Institute's 'economic education' campaign, which began in 1972, was a conscious strategy employed to further extend IPA ideology. In 1972 alone, IPA publications were used in over 1000 schools. Many others were on a waiting list. Because this material was provided free-of-charge to schools, demand was so high that not all orders could be filled.⁶ In the same year, one IPA booklet entitled 'Better living – the Key is Productivity' which promoted a 'trickle down' theory of income distribution,

⁴ The NSW branch of the IPA supported the United Australia Party and raised funds in competition with the Liberal Party of Australia. Marian Simms, *A Liberal Nation: The Liberal Party and Australian Politics*, Hale & Iremonger, Sydney, 1982, p.16

⁵ Andrew Gamble and Paul Walton, *Capitalism in Crisis: Inflation and the State*, Macmillan, London, 1974, cited in Simms, p.154

⁶ EA Jones, 'Report of the Chairman of the Executive Committee', IPA 29th Annual Report, 1972.

was distributed to 200 companies and their 40 000 employees. An additional 60 000 copies were distributed free of charge to teachers, schools and students.⁷ The booklet was just one of many produced in conjunction with the Productivity Promotion Council of Australia as part of a 'national education campaign'. Among other things, this campaign sought to convince Australians that the market was the best place for the allocation of resources and that government should wind back its role in the process.

Companies regularly ordered large numbers of IPA publications for distribution to employees. The bi-monthly publication *Facts*, which included parables, cartoons and 'lessons' to be learnt, was distributed to 60 000 employees by companies such as BHP, Rheem, the Commonwealth Bank and Mt Isa Mines.⁸ In addition articles from *Facts* and the more scholarly *IPA Review* were regularly sent to the editors of leading newspapers and republished. In 1972 alone, 2 459 column inches were given to IPA material.⁹ 'We are most grateful for their co-operation' the Chairman of the Executive Committee announced at the Institute's AGM in 1973.¹⁰ It is no wonder that the IPA regarded itself as holding a position of high esteem among workers, students and 'opinion moulders' across the country.¹¹

By the time of its conversion to an anti-redistribution agenda, the Institute also claimed to have established links with Treasury and powerful government bureaucrats, and to be directly influencing policy as a result. In a call for more business funding to enable it to continue its work, an Institute Annual Report stated:

The work of the Institute is largely concerned with the advocacy of policies designed to stress the importance of the individual and to be of benefit to free enterprise in both the economic and political spheres. There is undoubted evidence that these views have an important influence on government thinking and policy at Canberra. The Director of the IPA has himself established relations of confidence and

⁷ Ibid.

⁸ Ibid.

⁹ Ibid.

¹⁰ EA Jones, Report Chairman of the Executive Committee, IPA 30th Annual Report, 1973

¹¹ Jones, IPA 29th Annual Report

trust with senior treasury officials and top people in other government departments. As you know for many years the IPA has strongly advocated a reduction in personal income tax which has been an ever increasing burden, escalating with the march of inflation. The Institute was therefore very pleased to see the substantial reductions in the rates of tax in the Commonwealth Budget in August. I am sure that businessmen will appreciate the importance of work such as this, and provide the IPA with the financial support to carry out its activities effectively.¹²

At the end of 1972, a drastic change in the Australian political climate occurred. After 23 years of LCP governments that had, for the most part, been conducive to advice from the IPA, the ALP was returned to office. Under the leadership of Gough Whitlam, the new government rapidly increased social spending. Within its first year the government increased welfare benefit rates, relaxed eligibility requirements, created new social programmes and made other social programmes universal instead of means tested. In addition, the Minister for Social Security, Bill Hayden, began to speak of welfare as a basic human right and called upon people to claim their various entitlements.¹³ The IPA went into damage control, calling on more funds and further assistance in reaching the public.

At the annual general meeting of 1973, the Chairman of the Executive Committee called for concerted action to extend the consumption of IPA publications. The annual circulations of *Review* and *Facts* had remained steady at 20 000 and 50 000 respectively, yet in such 'troubled times' the Institute should seek to 'boost these circulation figures quite substantially' via an expansive free mailing list. The Institute's subscribers were encouraged to 'maintain their support and increase their annual contributions' as a means of achieving this. The President of the Institute, W. D. Brookes, announced: 'Seldom in the history of the Institute has an annual meeting been held at a time of such uncertainty, even bewilderment, within the business community'.¹⁴

¹² Ibid.

¹³ See chapter 7 and chapter 8 for a fuller examination of Hayden's 1972-3 welfare reforms.

¹⁴ Jones, *IPA 30th Annual Report*; W D Brookes, 'President's Address', *IPA 30th Annual Report* 1973.

In the months following the election of the Whitlam Government, issues of *Facts* were devoted to illustrating the problems associated with increased government expenditure. A front-page article in the April-May 1973 issue claimed:

Today we all seem to be looking to government to do more and more for us— from the well-to-do businessman to the old-age pensioner. If we get into a jam, whether from sheer bad luck or because of our own mistakes, we expect the government to help us out. It was once held that the job of democratic government was to provide a basis of law and order leaving us free to go about our own concerns. Now we expect the government to look after us from womb to tomb.¹⁵

The same edition warned readers that higher personal income taxes were on the way and that the majority of these taxes would be spent on social welfare.¹⁶

Throughout the recession years, funding for the IPA's 'education' campaign increased substantially. New funding from business sources enabled the IPA to spread its message beyond the workplace and into the homes of employees. Managers supplied employee addresses to the Institute 'so that the whole family could read its message'.¹⁷ Every edition of *Facts* during these years contained a prominent article on taxation and redistribution. In addition, these articles often contained references to international New Right thinkers who took on the status of 'expert' while advocating populist discourses and strategies for 'irate taxpayers'. In the October-November 1974 edition of *Facts*, page three was devoted entirely to Milton Friedman's call for a 'Personal Independence Day', which the IPA believed could be equally applied in the Australian context. The campaign also employed the ideas of American libertarian philosopher Robert Nozick by encouraging readers to think of paying taxes to the government as a type of 'servitude'.

¹⁵ Anon. 'Big Brother', *IPA Facts*, April-May 1973, p. 1

¹⁶ Anon. 'Governments spend More and More', *IPA Facts*, April-May 1973, p.8

¹⁷ 'Profits and Prices', *IPA 31st Annual Report 1974*

An eminent American Economist, Milton Friedman, recently suggested that the United States needs a new public holiday to complement National Independence Day—a Personal Independence Day. Such a holiday may be equally applicable to Australia. The new holiday would mark the day of the year when we as a community ceased working just to pay for the expenditures of government and started working to pay for our own personal expenses. Up till that day, all the income we earned would be taken from us (in taxes, Council rates, etc.) to meet the expenses of governments. For the rest of the year all our earnings would be available for the satisfaction of our own personal needs and desires.¹⁸

The campaign, though never reflecting a serious option for the taxation system, enabled people such as Friedman and the members of the IPA to illustrate that the number of days ‘worked for the government’ had increased over the years and to provide readers with a tangible measure of the rate at which government spending was stripping ‘personal freedom’ at any given point in time. The Centre for Independent studies (CIS) has adopted the idea and continues to calculate total per-capita tax revenues by GDP per-head to each year reveal what it calls ‘Tax Freedom Day’; the day ‘when Australians will finally finish paying for the government’s spending for the year so they can start to work for themselves.’ In 2006 they calculated this as ANZAC Day, 25 April.¹⁹ Following the Personal Independence Day campaign, Friedman’s observations began popping up in *Facts* on a regular basis. These observations contributed to a running theme in *Facts*. They characterised taxpayers as ‘ordinary people’ who were pitted against an oppressive government.²⁰

By the time Friedman made his first visit to Australia in April 1975, the Institute was ready to make a commitment to a new style of economics. The next edition of the *IPA Review* described Friedman’s visit as a ‘breath of fresh air’ and as a ‘compelling exposition’ and claimed that his lecture tour had made a ‘deep and salutary impact on

¹⁸ Anon., ‘A Personal Independence Day’, *IPA Facts*, October–November 1974, p.3

¹⁹ Gina Schwass, ‘Tax Freedom Day fall[s] two days later than last year’, CIS media release, 20 April, 2006

²⁰ Anon., ‘Taken for a Ride’, *IPA Facts* April–May 1975, p.3

the Australian economic and political landscape'.²¹ Among the outcomes that could be attributed to Friedman's visit was the IPA's first public and categorical statement of support for New Right economics. Though the Institute refused to support Friedman's monetarist position in total, it did so only because it believed that more blame should be attributed to those who forced the government to increase the money supply by constantly demanding wage increases and benefits.

We do not by any means accept Friedmanism *in toto*...The point we are concerned to make is this: the increase in the supply of money is the *immediate* cause of inflationary price rises; but the cause, in turn, of the expansion of the money supply, lies in the public demand for excessive wage increases and excessive government benefits [emphases in original].²²

Throughout the recession and in the years that followed, the IPA also began to increase its media campaign against 'big government'. Although the Institute had never been quiet on the issue of government taxes and restrictions, particularly when they affected business, a new discourse began to appear on the pages of *Facts*. This discourse reflected elements of the emerging new-class discourse that had become the obsession of neo-liberal anti-redistribution advocates in the United States. Prior to this, rhetoric on over-blown government had focused on the negative effect of dependence. While still incorporating this element, the IPA shifted its focus to the government employees themselves and to waste caused by the 'over-employment' of 'under-productive' public servants.²³ Again, citing Friedman as an expert on the matter, the IPA claimed that 'unnecessary' government growth reflected a disregard for public money exercised by bureaucrats. Not only that, it reflected a self-seeking bureaucracy and a tendency for individual departments to build themselves up in relation to other departments, all for their own benefit and all at the expense of the taxpayer. This, according to Friedman, or at least the IPA's understanding of him, was a 'simple truth'.²⁴ From 1975 onwards, Friedman's 'simple truths' penetrated the IPA almost completely. In doing so, they also penetrated the consciousness of school

²¹ Milton Friedman's Visit, *IPA Review*, April-June 1975, p.29

²² *Ibid.*, p.33

²³ Anon., 'Government gets Bigger', *IPA Facts*, Feb-March 1975, pp.4-5

²⁴ Anon., 'Milton Friedman's Visit', *IPA Review*, April-June, 1975, p.30

students, workers and other beneficiaries of the Institute's 'economic education' campaign.

Constable & Bain, a Sydney stockbroking firm under the leadership of Maurice Newman, brought Friedman to Australia.²⁵ The IPA were among numerous individuals and organisations to be influenced by Friedman's visit. Many had already embarked upon the shift to market liberalism during the recession and regarded Friedman's visit as an opportunity to consult one of its most famous proponents with regards to their own transition. Others regarded it as an opportunity to promote the monetarist position in the popular media and to gain new converts. The financiers of his visit certainly saw it this way. The firm's sole intention was 'to heighten public awareness of the dangers of inflation and to point to possible cures consistent with the maintenance of individual liberty and free enterprise.'²⁶

During his time in Australia, Friedman addressed audiences in Sydney, Canberra and Melbourne, held discussions with Reserve Bank and Treasury officials, and spoke to government and opposition members and to business and academic leaders. He also spoke at the National Press Club,²⁷ and on the ABC-TV program *Monday Conference*. A repeat was aired six weeks later.²⁸ An economic adversary of Friedman's, the left-wing Keynesian economist Joan Robinson also appeared on the program that month. She spent a great deal of time contradicting Friedman's views on inflation, and claimed that cost-push inflation was a result of the struggle between capital and labour and not a result of money supply factors.²⁹ According to Jerry Courvisanos and Alex Millmow, who have produced the only academic study of the tour, it was Friedman's lecture that was illegally taped by schools and universities and shown 'endlessly over the next five years'.³⁰

²⁵ Jerry Courvisanos and Alex Millmow, 'How Milton Friedman Came to Australia: A Case Study of Class-based Political Business Cycles', University of Ballarat School of Business Working Paper, no. 3, 2005/03

²⁶ Milton Friedman, *Milton Friedman in Australia*, Constable & Bain and the Graduate Business School Club, Sydney, 1975, preface

²⁷ Ibid., and Milton Friedman, 'Address Delivered by Professor Milton Friedman, American Economist, to the National Press Club', Canberra, 9 April 1975

²⁸ Courvisanos and Millmow, p.10

²⁹ Ibid., p.10

³⁰ Ibid., p.12

Constable & Bain later claimed that Friedman's visit 'captured the imagination of the Australian people, achieving beyond expectations the aims of the sponsors'.³¹ Certainly, the tour did shape the opinions of prominent economists who had retained a certain amount of scepticism in relation to Friedman's theories. Economists such as Colin Clark, Heinz Arndt and Duncan Ironmonger came away from his tour with the feeling that most of Friedman's theories were 'probably correct'. Following the tour Clark and Arndt publicly criticised Labor Treasurer Jim Cairns's handling of the economy, with Arndt predicting inflation would raise to over 30 per cent if Keynesian policies remained in place.³² Ironmonger, the deputy director of the notoriously anti-Friedmanite Melbourne Institute of Applied Economic and Social Research, contributed to the public display of support for Friedman by remarking to Friedman on the televised *Monday Conference*: 'A lot of what you are saying is agreeing with a lot of what we're saying. A lot of sense is being said which is a comfort to us'.³³ However, many economists remained unconvinced by Friedman, positing instead an adoption of the economic theories of Friedman's major opponent in the US, John Kenneth Galbraith, who coined the term 'Revolt of the Rich' to describe the New Right push into economic and social policy and claimed in his 1974 book *Economics and the Public Purpose* that 'Left to themselves, economic forces do not work out for the best except perhaps for the powerful'.³⁴ Some 130 Australian economists had lent their support to the economic policies that Cairns had taken into the May 1974 Federal Election.³⁵ They had known of Friedman's theories at the time and had disregarded them. The shift for many of these economists would take a much longer process of persuasion.

In another sense Friedman's visit helped to give credence within parliament to the monetarist line that had been run by the Shadow Treasurer Phillip Lynch during the 1974 election period, and to the views of the Reserve Bank of Australia, who were at this time having little to no luck reaching the Treasurer with their monetarist line.³⁶

³¹ Friedman, *Milton Friedman in Australia*, preface

³² 'Moderate cut sought in currency rate', *Canberra Times*, 22 April, 1975, cited in Courvisanos and Millmow, p.10

³³ Barry Hughes, *Exit Full Employment*, Angus & Robertson, London, 1980, p.43

³⁴ J K Galbraith, *Economics and the Public Purpose*, Houghton Mifflin, Boston, 1973, p.xiii

³⁵ Simon Guttman, 'The Rise and Fall of Monetary Targeting', PhD Thesis, Monash University, 2003, p.66

³⁶ Courvisanos and Millmow claim that Junie Morosi blocked access to Cairns by the RBA and Treasury officials, p.9

Shortly after Friedman's visit, Bill Hayden who adopted Friedmanite rhetoric, espousing the need to restrain government spending in order to beat inflation, replaced Cairns as Treasurer. His budget, which according to Barry Hughes was designed to deny the LCP Senate majority the chance to block supply for the second time, appeared as close to Lynch's inclinations as possible.³⁷ On budget night, during television and radio interviews, Fraser and Lynch had trouble differentiating their own policies from those of the Whitlam Government.³⁸

Friedman's visit strengthened the resolve among already converted politicians and economists and drew some others to the Friedmanite 'cause'. But as P.P. McGuinness pointed out in 1975, the visit did not result in a 'sudden conversion' because it was already well under way.³⁹ Friedman's television appearances, and the newspaper reports that followed did, however, lead to a wide discussion of his theories. Following his visit, school textbooks on economics included a chapter on the subject of 'Friedman v Keynes', and according to Brian Buckley, press agent to Phillip Lynch, followers of Friedman began using the phrase 'well, as Milton Friedman says, contradict that if you are game.'⁴⁰ Friedman's visit was a very important experience on which the New Right could further build a relationship with the public. It provided the New Right with an 'expert' whose name could be raised in general conversation, in media, parliament and bureaucracy, in schools and universities, and instantly recognised by people outside of these institutions. This process was further enhanced the following year when Friedman received the Nobel Prize for Economics.

Inspired by Friedman's successful visit, the IPA arranged for F. A. Hayek to give a lecture tour the following year. In conjunction with a Sydney economics consultant by the name of Roger Randerson, the IPA sponsored a month-long programme of engagements that 'would have taxed a man in the prime of his life' let alone a man of 77 years.⁴¹ The Institute's zeal for New Right economics was evident within the 'F.A. Hayek Issue' of *The IPA Review*, which followed his visit to Australia. The issue was intended as a 'dedication' and as a 'contribution towards the fulfilment of a hope'; the

³⁷ Hughes, p.47

³⁸ Ibid.

³⁹ Courvisanos and Millmow, p.8. Original source not referenced.

⁴⁰ Ibid., p.11

⁴¹ Anon. 'Professor F A Hayek's Australian Visit', *IPA Review*, October–December 1976, p.79

hope being that 'Australia, and especially its educational institutions, will not lightly disregard the ideas of this great man, but give to them the thought and the study they deserve'.⁴² Hayek addressed the Institute's 1976 annual meeting. According to the *IPA Review*, he was in the presence of a devout audience:

No one among the 200 people who attended the I.P.A. Annual Meeting on December 20th will readily forget the standing ovation which greeted Professor Hayek at the conclusion of his Address. This was the spontaneous response of an audience, the members of which sensed themselves to be in the presence of a truly great mind.⁴³

Hayek's address to the Institute revolved around the issue of economic planning. The paper outlined the benefits of economic Darwinism and the tendency for planning to stunt man's natural evolution.⁴⁴ The Institute saw Hayek's visit as a reflection of a parting of the ways between those who favoured liberty and those who favoured welfare. At least, his visit was intended to shore up the arsenal of those who favoured liberty:

Professor Hayek came to Australia at a peculiarly appropriate time. It is clear that this country has reached a grand climacteric, a fateful parting of the ways so far as its political and economic future is concerned. The momentous question is whether, in the years ahead, libertarian values are to prevail, enterprise, both corporate and individual, is to be properly rewarded, and the market is to be allowed to perform its traditional function of allocating the resources of the community in the most effective manner in the interests of all; or whether government is to assume an ever larger role in the distribution of resources and income, in the provision of so-called Welfare and in the general direction of the lives of the people. In short what is ultimately at stake is the survival of individual freedom.⁴⁵

⁴² Ibid., p.82

⁴³ Ibid. p.79

⁴⁴ F A Hayek, 'Address to the 33rd Annual Meeting of the Institute of Public Affairs', *IPA Review*, October-December 1976, p.84

⁴⁵ Ibid., p.80

On the final page of the issue, the IPA advertised a job for a research economist and statistician. There was only one essential criterion: 'a personal commitment to the values of individualism, free enterprise and the market economy.'⁴⁶

'Economic education' and the American influence

The Australian New Right were not only inspired by American and British New Right thinkers, they were also inspired by the success of American initiatives and often sought advice and approval from key New Right organisations within the US in particular. Probably the most important development in the business-funded propaganda campaign occurred in 1976 with the establishment of Enterprise Australia (EA), an initiative of the Australian Free Enterprise Association Ltd. an organisation formed by the IPA and an ex-Liberal Minister Sir Allen Fairhall, with donations of \$35 000 each from CIG, Esso, Kodak and United Permanent and later Ford Motors and IBM.⁴⁷ EA was intended as an umbrella body whose main task was to help other business funded proselytisers to co-ordinate their activities in the area of 'public education'. Prior to the launch of EA its soon-to-be director Jack Keavney travelled to the US where he gained 'a great welcome and every assistance' from the American Economic Foundation. The relationship between the two organisations grew stronger throughout the coming years as Keavney spent more time learning from what he termed his 'US counterparts', a process which involved extended visits to the US and sponsoring US New Right business figures to visit Australia. Tours involved not only meetings with business leaders but also meetings with the Prime Minister and the Minister for Industrial Relations, during which the 'free enterprise position' was put forward and received warmly.⁴⁸ Enterprise Australia extended its influence into many areas. Not only did it co-ordinate the massive 'economic education' campaign targeted at school students and company employees, it also wrote sermons promoting the free enterprise and small state agendas for sympathetic ministers to recite to unsuspecting church goers.⁴⁹

⁴⁶ 'Research economist and statistician', *IPA Review* Oct-Dec 1976, p.96

⁴⁷ Alex Carey, *The Ideological Management Industry*, in Ted Wheelwright and Ken Buckley (eds), *Communication and the Media in Australia*, Allen & Unwin, Sydney, 1987, p.164

⁴⁸ *Ibid.*, p.165

⁴⁹ It is difficult to ascertain how many ministers took up the opportunity. 'The Christian and Industrial Relations: A Paper Prepared for Use as a Sermon and For Reproduction in Church Publications', Enterprise Australia, Sydney, 1978, cited in Carey, 'Social Science, Propaganda and Democracy', p.74

The ACCA embarked upon its own economic education campaign in 1972. As the most organised representatives of commercial capital in Australia, the ACCA had for some time engaged in the distribution of propaganda, both as a means of articulating and promoting the organisation's social philosophy and as a means of promoting commercial capital agendas. The ACCA's social philosophies were broadly anti-Keynesian even during the 1950s and 1960s. Negative individualism and Social Darwinism informed the propaganda produced during this period, resulting in calls for less government interference and lower taxation. However, the election of the Whitlam Government, followed shortly by the stagflation and recession of 1974, resulted in the ACCA embarking upon its largest and most expensive propaganda campaign yet. The transition to New Right economics was unproblematic for the organisation. Its ideology had always been inspired by laissez-faire and broadly anti-Keynesian. The economic crisis ensured that their opinions gained more attention, adding to the weight of a New Right network. The ACCA was no longer forced to maintain a defensive counter-position as it had been throughout the 'Keynesian era'.

In the first year of the 'economic education campaign' the Chamber began expressing fears about the Whitlam Government, and in particular, its 'big government' agenda. In addition, the Chamber feared that regular consultations with industry leaders in the ACCA would not continue under Labor.⁵⁰ The economic education campaign expanded in response to these fears and, like the IPA's campaign, focused on convincing the public that taxes were too high and government too large. Aspects of the campaign included training private enterprise spokesmen for television and radio, and commissioning articles for press distribution.⁵¹ By 1975, 61 companies had come forward to lend their financial support. At least some of this financial support went toward funding a series of videotapes for schools. These videotapes put forward the economic outlook of the Chamber and that of its major partner in the venture, the Institute of Public Affairs.⁵²

⁵⁰ Report of the Council 'National Chamber Intensifies Programme to Promote Free Enterprise', *ACC 69th Annual Report*, 1972-3, p.13

⁵¹ 'Economic Education Campaign', *ACC 70th Annual Report*, 1973-4, p.15

⁵² 'Economic Education Campaign', *ACC 72nd Annual Report*, 1975-6, p.16

The momentum of these public opinion campaigns had become so intense during the recession years that the ACCA felt it necessary to organise a summit conference to 'plan concerted action'. The conference, and a subsequent meeting held at Commerce House in Canberra, established the Assembly of Australian Business Organisations (AABO) as a means of forging unity of purpose between leading businessmen and business organisations. The founding members were: Australian Bankers' Association, Australian Chamber of Commerce, Australian Finance Conference, Australian National Travel Association, Australian Retailers' Association, Australian Road Transport Federation Insurance Council of Australia, Life Offices' Association of Australia and the Real Estate Institute of Australia. In addition to its role as a 'clearing house for business to use in its dealings with government',⁵³ the AABO was required to develop a 'concerted action programme on a national level' in order to combat 'socialistic government policies' such as those that were contributing to a bloated public sector.⁵⁴ As part of this concerted action, the AABO were to 'devise and coordinate a programme for the most effective communications' with the public. The committee contacted 16 organisations it viewed as being engaged in the dissemination of the free enterprise point of view, or at least having a stake in such a project. By this time, almost all of the 16 organisations were committed to market liberalism and engaged in an attack upon government redistribution policies.⁵⁵

The AABO gained some inspiration from the American New Right. Both enlisted the help of advertisers in the construction of the campaign. In 1975, advertising giant Comptons in conjunction with the Advertising Council, and the US Department of Commerce implemented an economic education campaign. The Australian version of this advertising campaign employed advertising agency Clemenger to report on the Australian scene.⁵⁶ The 'manager' of the economic education project, Allen Dawson, left for America the following year to 'gain first-hand experience' of the US economic education programmes and their implementation.⁵⁷

⁵³ Ibid., p.16

⁵⁴ Presidential Address, *ibid.*, p.4

⁵⁵ Carey, 'Ideological Management', pp.160-161

⁵⁶ Ibid., Note 28

⁵⁷ 'Economic Education Campaign', *ACC 73rd Annual Report*, 1976-77, p.17

Up to this point, businesses such as CIG, Esso, Kodak and United Permanent, along with specific industry groups such as the Australian Bankers Association, the Australian Financial Conference and the Australian Mining Industrial Council, had pumped millions of dollars through organisations such as the IPA, the ACCA, the Australian Industries Development Association and the American Chamber of Commerce in Australia (AmCham) that in turn funded 'information campaigns', which to varying degrees pushed a New Right economic agenda.⁵⁸ These campaigns encouraged a new way of speaking about welfare by highlighting 'waste' and 'irrationality' within the public sector, and within the welfare sector in particular. According to organs like the IPA, any growth in the welfare sector reflected greed, not need, and meant higher taxes for everyone. The 'handout mentality' Australians clung to resulted in greatly reduced take-home pay packets, a sore point due to the simultaneous rising inflation. Consequently, the IPA argued that the distribution process should be shifted to the market where men like Hayek and Friedman had 'proven' it belonged.

The Centre for Independent Studies

The Whitlam Government's 'socialistic policies' and the 1974 recession helped the New Right to convert established business organs and think tanks. The right-wing think tanks formed after 1974 were entirely committed to New Right economics from the outset. While the IPA concentrated upon workers, employers and students who had otherwise received what they saw as inadequate or antagonistic economic education, the CIS sought to influence academics, politicians and working economists. The CIS saw as its main aim the dissemination of literature of an economic liberal bent. This, its founder Lauchlan Chipman claimed, was necessary in order to combat the contemporary academic literature which all seemed to represent 'socialist or welfarist' ideology.⁵⁹

In 1975 Greg Lindsay, a high school maths teacher from Hawthorn, wrote to Lauchlan Chipman who was, at the time, working as a professor of philosophy at the University of Wollongong. He explained to Chipman his idea of setting up a centre for right-wing academic thought. Lindsay had recently read and been inspired by

⁵⁸ Carey, 'Ideological Management', pp.163–64

⁵⁹ 'Interview with Lauchlan Chipman', *CIS Newsletter*, Spring 1977

Chipman's review of Robert Nozick's *Anarchy, State and Utopia* in *Quadrant*, Chipman's intellectual turning point.⁶⁰ He expressed to Chipman his idea to find other likeminded academics to be associated with the Centre. Among other things, Lindsay was committed to the idea that the expanding welfare state had been the major cause of Australia's economic ills, and that in order to resurrect an ailing economy, Australia would need to reduce the welfare state and shift the responsibility for income distribution to the market.⁶¹

Prior to the establishment of the CIS, Lindsay familiarised himself with the ideas of American New Right thinkers. In 1974 he began subscribing to the American right-wing magazine *Reason*, which occasionally published the writings of Murray Rothbard and Karl Hess. He also began to order a great deal of literature from the Foundation for Economic Education in New York. Among the books ordered were Adam Smith's *The Wealth of Nations*, Milton Friedman's *Capitalism and Freedom* and Friedrich von Hayek's *The Road to Serfdom*. At the end of 1975 he visited the New Right institutes in the US and while in New York struck up a friendship with Murray Rothbard.⁶² While in Australia Lindsay had attended and been influenced by Bob Howard's Ayn Rand discussion group which he ran in his flat in Glebe. In 1975, the discussion group metamorphosed into Australia's first libertarian party, the Workers Party, the philosophy and discourse of which will be examined in Chapter 4. Howard's library, which consisted of 'thousands of books' was a particular source of inspiration to many Sydney New Right thinkers.⁶³

The CIS believed that it could combat the welfare state by contesting and eventually changing what it saw as the dominant intellectual philosophy. According to Chipman

The important thing... is that philosophers, far from having no influence, have a tremendous amount. The ideas were very powerful, so even if the societies were bad because the men were bad, or if the

⁶⁰ Ibid.

⁶¹ Interview with Greg Lindsay cited in John Hyde, *Dry: In Defence of Economic Freedom: The Saga of how the Dries Changed the Australian Economy for the Better*, Institute of Public Affairs, Melbourne, 2002, p.68

⁶² Hyde, *Dry*, p.67

⁶³ Cahill, p.104

societies were bad because the ideas were bad, such societies only came into being because the ideas were thought of in the first place.⁶⁴

One of these bad ideas according to Chipman was the notion that people could 'demand something for nothing'.⁶⁵ Lindsay was equally concerned to alter the production of ideas at an academic level, even leaving the Workers Party whose ideas he fully supported, in order to devote himself to the task. Lindsay was led to this decision by Hayek's essay *The Intellectuals and Socialism*, which made him 'realise that what I was seeing was an intellectual problem and not a political problem.'⁶⁶

Lindsay and Chipman were only deterred by one thing during the early stages of the Centre's establishment. In 1976, Antony Fisher came to Australia. Fisher was a British New Right leader and co-founder of the CIS's counterpart institution, the Institute of Economic Affairs. His aim was to set up an IEA-style think tank in Australia. Lindsay in particular viewed the establishment of an IEA in Australia as a rival to the CIS in terms of membership and funding, though he was in general agreement with the Institute's philosophy.⁶⁷ In the end nothing came of the Australian IEA. However, those responsible for its initial planning were to become central to the establishment and funding of other New Right think tanks.⁶⁸

Throughout the next four years the Centre could safely claim to be one of the most influential non-government organisations in Australia. This immediate influence was noted by the organisation during its 30th anniversary celebrations earlier this year.⁶⁹ Among its members and intellectual contributors were: Maurice Newman, a stockbroker who had been responsible for bringing Milton Friedman to Australia,⁷⁰ Ross Parish, a professor of economics at Monash University, Sudha Shenoy at the University of Newcastle, Naomi Moldofsky at Melbourne University, W.P. Hogan and Colin Simkin, both at the University of Sydney, and Michael Porter at Monash. Another major contributor was journalist for Kerry Packer's *Bulletin*, Peter Samuel.

⁶⁴ Greg Lindsay, 'Interview with Lauchlan Chipman', *CIS Newsletter*, Spring 1977

⁶⁵ Ibid.

⁶⁶ Hyde, *Dry*, p.68

⁶⁷ Ibid.

⁶⁸ Cahill, p.104

⁶⁹ Peter Coleman, 'Happy anniversary', *The Australian*, 4 May 2006

⁷⁰ Ibid. and Hyde, pp.68-9

During the Institute's early years Samuel wrote pamphlets for the CIS and he became a member of the CIS Board of Advisers in 1979.⁷¹ His writing for *Bulletin* was informed heavily by neo-liberalism. In January 1974 he was one of the first journalists to cast taxpayers as 'victims' in what he termed 'the multi-million dole scandal'.⁷² By 1979 the Centre believed that its agenda, having been in place for four years, was gradually coming to fruition. In the September *Newsletter* titled *The Price Australians Pay* it was stated that 'The CIS in its current research programme is beginning to make inroads into many of the areas that collectivist thinkers have held to be sacred for so long.'⁷³

Also in pursuit of an intellectual audience among whom to spread its message was the Centre of Policy Studies (CoPS). Established under the auspices of Monash University in 1979 by economist and CIS member Michael Porter, CoPS was awarded a Research Centre of Excellence grant by the Fraser Government. The grant totalled \$2.6 million and enabled the Centre to bring to Australia various 'big name' New Right activists involved in the implementation of similar agendas overseas.⁷⁴ In later years Michael Porter recalled the effect this money had on the think tank:

The effect of that [\$2.6 million grant from the Fraser Government] was to give one Professor in Australia (me) a budget unlike any before or since, so imagine, I brought out Milton Friedman, I brought out all the big names... the best and the brightest, so for six years I had this massive budget.⁷⁵

Despite the network's general satisfaction with the penetration of the anti-big government message among the public, very few were fully satisfied with the

⁷¹ David McKnight, 'Rupert Murdoch and the Culture War', La Trobe University Essay, *Australian Book Review*, February, 2004

⁷² Peter Samuel, 'Multi-million dole scandal', *Bulletin*, Jan 12 1974, pp.10–11 and 'The dole scandal: part 2', *Bulletin*, January 19 1974, pp.10–11

⁷³ 'The Price Australians Pay', *CIS Newsletter*, vol 3, no.1, Sept 1979, p.1

⁷⁴ Cahill, p.119. Under the Hawke Labor Government the centre received numerous research grants. In the latter half of 1984, for example, CoPS received \$60,500 to conduct research on: 'the interaction between the taxation and social security systems', 'alternative arrangements for the funding and structuring of education' and 'the policy problems and welfare implications of State enterprises and the implications of alternative arrangements for State enterprises'. Bob Hawke, PM, Question on notice, *House of Representatives, Parliamentary Debates*, 20 November 1985, p.3312

⁷⁵ Cahill interview with Michael Porter, cited in Cahill, p.119

progress of the small government agenda within the Fraser Government. To this end an Australian version of the American Business Roundtable, comprised of Australia's top executives, was established. The American organisation upon which the Australian version was modelled boasted 'an astonishing record of success' in its proposed endeavour 'to control the national legislative agenda'.⁷⁶ The Australian New Right desired the same control over the national legislative agenda, particularly in light of Fraser's failure to deliver the New Right agenda he had promised on so many occasions.

During the Fraser Government's first term in office, a major welfare policy shift did not occur. Despite the government's constant talk of winding back the welfare state, actual steps in this direction were isolated and partial, and as Chapter 7 argues, 'economic rationalist' reforms in the area, though discursively powerful, were, for the most part, aimed at 'image making'. By the end of Fraser's first term, many New Right activists had had enough. The IPA, among many New Right critics, set out to push policy further in the direction of market liberalism. The IPA's biggest criticism was reserved for Fraser's inability to reduce the size of government. In its 1978 Annual Report, the Institute claimed that bureaucrats soaked up the largest portion of taxpayers' funds and that 'the fault lies in the very nature of the service itself which is gathering a growth momentum which nobody, not even a government determined to keep real growth of public expenditure down to zero, seems capable of controlling'.⁷⁷ In addition, the Institute stated that public reaction to the 'overblown' welfare sector had become more vocal and reflected disappointment with the government's record so far.⁷⁸ The report was capped off by references to the Californian taxpayers' revolt and suggested that people 'from all walks of life' should pay attention.⁷⁹ By 1980, the IPA declared 'big government' the 'greatest issue facing our society. It will transcend all others and form the battle lines of tomorrow.'⁸⁰

Despite the intense pressure placed upon the government by think tanks and various business groups, and despite the fact that the government had by this stage made some

⁷⁶ Carey, 'Ideological Management', p.157

⁷⁷ WD Brookes, 'IPA Presidential Address: Lawmaking, Bureaucracy and Vouchers', *IPA 35th Annual Report*, 1978

⁷⁸ Ibid.

⁷⁹ Ibid.

⁸⁰ WD Brookes, 'President's Address', *IPA 37th Annual Report*, 1980

significant changes to both its ideology and policy in the area of welfare benefits, New Right activists were still not happy. The government, though rhetorically committed to the reduction of the welfare state, was not moving fast enough. According to the IPA, the government was failing to make inroads into the taxation system, and income redistribution was still a major and unwanted part of the government's plan.⁸¹ The next chapter will examine attempts within government to bring about a New Right welfare agenda, highlighting the role that various New Right actors in government played in bringing about a shift to dole bludger versus taxpayer discourse.

Conclusion

The struggle to institute New Right common sense in the area of welfare came not as the result of an organic domestic movement, but as a direct result of the integration of powerful Australian institutions within overseas, and in particular American, New Right networks. The rapid rise in inflation during 1974–75, and the 1974 occurrence of stagflation, allowed the New Right to make headway within these Australian institutions. America, having experienced the same economic trauma in the late 1960s had produced their own 'saviours' in the form of newly celebrated libertarian and neo-conservative economists, philosophers, commentators and politicians, who preached among other things a reduction or abolition of the welfare state. During the economic crisis it became easier for the New Right to deconstruct the old Keynesian programme and rearticulate common sense on its own terms. Australian converts constructed the ideas of international New Right figures such as Hayek and Friedman as the new 'common sense' and 'discovered' their own Australian 'experts' to rearticulate the ideas for an Australian public. Many converts sought these ideas and promoted them. Others were faced with them in their mailboxes, at work, in classrooms, at University, in newspapers, in parliament and on TV; and under conditions of financial strain, were encouraged to understand them as a reflection of their own experience.

⁸¹ JS Balderstone 'President's Address', *IPA 38th Annual Report*, 1981

3

The New Right, the government and the welfare state

When the Coalition found itself back in government under Malcolm Fraser after three years of Labor it also found itself in the fortunate position of controlling both houses of Parliament. Prior to the December election, and certainly in the lead up to the Governor-General's decision to remove the Whitlam Government in November 1974, the Fraser Government had embarked upon what seemed to be a campaign to seriously cut government expenditure and shift responsibility to individuals. The future Treasurer Phillip Lynch spoke passionately about the death of Keynes and about his desire to implement one style or another of New Right economics. And in the face of criticism from economic adversaries, the Labor Government seemed to have abandoned Keynes too, with its main economic spokesman claiming shortly after the December election that saw him become opposition economic spokesperson: 'Keynesianism is no longer appropriate'.¹

Even conservatives on the Right held out hopes that the Fraser Government would bring Australia from the 'brink of socialism' to a new era of individualism. As the well-known Catholic Conservative of the Cold War era B.A. Santamaria explained in his 1981 book *Against the Tide*, Fraser 'promised in good faith what Mrs Thatcher was to offer... He promised drastically to reduce government expenditure'.² His Failure to do so despite such a large majority and control of both the House of Representatives and the Senate has resulted in a long line of critics, stemming from his Treasurers Phillip Lynch and John Howard to present-day right-wing commentators Gerard Henderson and current editor of the CIS journal *Policy*, Charles Richardson. Richardson has provided the most recent article-length attack in the 2001

¹ Barry Hughes, *Exit Full Employment*, Angus & Robertson, London, 1980, p.132

² BA Santamaria, *Against the Tide*, cited in Charles Richardson, 'The Fraser Years', in JR Nethercote (ed.) *Liberalism and the Australian Federation*, The Federation Press, Annandale, 2001, p.220

retrospective of the Liberal Party *Liberalism and the Australian Federation*. While providing some 'excuses' for the Fraser Government's failure to implement the New Right economics of which it so often spoke, Richardson's analysis is nonetheless that the years 1975-83 were full of unrealised potential.

Gerard Henderson, who at the time worked for Fraser's Transport Minister Kevin Newman and now heads the conservative think tank the Sydney Institute, has consistently argued this since the 1983 publication of his article 'Fraserism: Myths and Realities' in Australia's right-wing journal *Quadrant*.³ In his 1994 history of the Liberal Party *Menzies Child* he claims that 'the essential problem with Malcolm Fraser was that during his period in office he sustained public criticism for his perceived hardness but lacked a policy direction which would have achieved the economic benefits flowing from a real—as distinct from rhetorical—tough mindedness'.⁴ John Howard as Treasurer in the latter years of the government agreed. His increasing alignment with the free-market dissenters within the Party, who after 1980 referred to themselves as 'dries', led him to consider resigning his position in protest.⁵ The most salient and oft repeated criticism came from the millionaire advertising executive and spokesperson for the libertarian Workers Party, John Singleton, who summed up the mood among New Right advocates: 'Malcolm Fraser has expressed his fondness for Ayn Rand. Ayn Rand has expressed her fondness for Malcolm Fraser. Obviously neither knows what the other is talking about.'⁶ As the New Right became stronger over the course of the government's term in office and in the coming years, Malcolm Fraser came to be, as his biographer Patrick Weller puts it 'the subject of a Liberal demonology'.⁷

This chapter, rather than dismissing the Fraser Government's New Right turn as 'mere rhetoric' will examine the influence of New Right welfare ideology in the government at the time and the consequences arising from this. It will seek to illuminate the internal struggles between New Right advocates, traditional

³ Gerard Henderson, 'Fraserism: Myths and Realities', *Quadrant*, vol. 27, June 1983, pp.33-37

⁴ Gerard Henderson, *Menzies' Child: the Liberal Party of Australia: 1944-1994*, Allen & Unwin, St Leonards, 1994, p.256

⁵ *Ibid.*, p.260

⁶ John Singleton with Bob Howard, *Rip Van Australia*, Cassell Australia, Stanmore, 1977, p.50

⁷ Patrick Weller, *Malcolm Fraser PM: A Study in Prime Ministerial Power*, Viking, Ringwood, 1989, p. xii

conservatives and pragmatists and to give due weight to the New Right contribution to the Liberal Party. To these ends it will examine the spread of neo-liberal ideas through Treasury and the effect of this on government policy and discourse, while in addition examining the shift within the Liberal Party that came about from the mid-to-late 1970s, eventually culminating in the 'dry' faction that still dominates the party today. While acknowledging that Fraser's New Right critics are in a sense correct, this chapter will argue that the 'demonology' has significantly overshadowed the very real influence that the New Right had on the Fraser Government's welfare policy and discourse throughout the 1970s and early 80s, and for this reason a major shift within the Liberal Party has been chalked up as mere 'hyperbole'.⁸

The Treasury

Those who claim (or complain) that the Fraser Government, in spite of its New Right rhetoric, never possessed a New Right agenda are mistaken. They underestimate the extent to which small government and anti-redistribution philosophies penetrated various sectors of the Fraser Government and the public service they relied upon for advice and action. Market liberalism had already penetrated some of the government's most powerful preserves by the time the Fraser Government was elected to office in 1975. Perhaps of greatest importance was the shift to neo-liberalism among the government's economic advisors and the Treasury itself.

From the moment that stagflation occurred in Australia, neo-conservatives and neo-liberals on the right increasingly argued that the economic crisis of the 1970s was actually caused by the very system that had been designed to prevent economic crises: Keynesianism. The New Right began to claim that Australian and overseas economists now supported an economic system in which the market became the primary regulator of income distribution, and that the shift in thinking had occurred as a result of 'indisputable evidence'. However, most economists, in Australia at least, were still committed to Keynesianism at this time. As Simon Guttman has pointed out in his 2003 PhD thesis, 130 economists lent their support to the Keynesian economic policies that the Treasurer took into the 1974 election. Contrary to this, the Australian

⁸ Henderson, *Menzies' Child*, p.263

Treasury housed many market liberals.⁹ Greg Whitwell, whose work analyses the Treasury's ideological shift from the mid 1950s to the 1980s has argued that from the mid-1970s onwards the 'Treasury line' came more and more to lay blame on government spending as the cause of stagflation that wracked the Australian economy. From this time onwards, Treasury embraced broad principles of neo-liberalism.

A strong relationship was forged between the Coalition and the Treasury during the first months of the Fraser Government. Phillip Lynch's ministerial staffer at the time Ainsley Jolley claimed that 'Treasury had a strong influence over the text of the government's major economic statements, the cut backs in government spending and the decision to hold the exchange rate at a fixed level'.¹⁰ During this period, John Stone, a prominent neo-liberal and later a New Right activist, held a senior position within the Treasury as Deputy-Secretary from 1971-1979 and Secretary from 1979 until his resignation in 1984. Throughout the period in which the Fraser Government held power, Stone had a unique opportunity to influence the Prime Minister on a number of occasions. One such occasion occurred in 1978 when prior to the budget being handed down, Stone accompanied Fraser on a month-long trip around the northern hemisphere. Together they met with prominent neo-liberals such as the inflation conscious international financiers group as well as other New York financiers, many of whom regarded Stone as slightly 'pink'.¹¹

While Stone was instrumental in the Treasury shift he was not primarily responsible for it.¹² During the 1960s the economics departments at which many members of the Treasury had received an education were already teaching neo-classical economics under the hybridised title of 'neo-classical synthesis'. This theoretical position essentially combined Hayek and Keynes.¹³ In addition, numerous officials had received an education in neo-liberal economics overseas as had their Reserve Bank counterparts. Key members of the Reserve Bank of Australia, a thoroughly monetarist organisation by 1975, also received their education at American institutions in which

⁹ Simon Guttman, *The Rise and Fall of Monetary Targeting*, p.44

¹⁰ Ainsley Jolley, *Macroeconomic Policy in Australia, 1972 to 1976*, Croom Helm, 1978, cited in Hughes, *Exit Full Employment*, p.126

¹¹ Hughes, *Exit Full Employment*, p.134

¹² Cahill, p.275

¹³ Greg Whitwell, *The Treasury Line*, Allen & Unwin, North Sydney, 1986, chapter 7.

the neo-classical synthesis or straight monetarism was taught. Among them, future leader of the Liberal Party John Hewson, completed a PhD in economics at Johns Hopkins University in Baltimore, a department whose right-wing leanings has earned it in excess of \$8 million in funding from right-wing 'philanthropy' organisations since 1985.¹⁴ Hewson returned to take up a position with the Reserve Bank from which he advised Treasurers Lynch and Howard during the Fraser years.

Many Treasury officials, including the Secretary preceding Stone Sir Frederick Wheeler, had served at the World Bank and the IMF; two institutions that were among the first to make the transition to New Right economics.¹⁵ This education ensured an early and strong shift to neo-liberalism within the Treasury, but it took some years before it would influence the Federal Government. In fact, Treasury's relationship with the Whitlam Government was acrimonious until the recession of 1974 opened the way for a temporary reconciliation.¹⁶ The 1975 election of the Fraser Government made for a far better working relationship. Under the Liberal Government, and on the back of a recession, Treasury ideas, more often than not, became government ideas.

Along with John Stone, a key neo-liberal upon whom the government relied was W. P. Hogan, professor of economics at Sydney University and economic advisor to Fraser and, from 1976, a member of the CIS. In 1973 Hogan was a fan of the mixed economy. He believed that the goal of government was to find a balance between the search for efficiency and the 'widely held desire for equitable treatment of all members of the community'.¹⁷ Hogan's view is typical of the period directly preceding the recession. Adherents of the neo-classical synthesis believed that government interventions such as those necessary for a regulated redistribution of income were to be tolerated in some cases, given the 'imperfections of market

¹⁴The University also has a number of centres, a hall and a residential college named after John M. Olin, or more accurately after his funding of them. The Olin Institute disbanded in 2005 but during its lifetime it aimed to provide 'support for projects that reflect or are intended to strengthen the economic, political and cultural institutions upon which the American heritage of constitutional government and private enterprise is based.' Media Transparency, 'Grants to Johns Hopkins SAIS', viewed 12 May, 2006, <http://www.mediatransparency.org/recipientgrants.php?recipientID=183>

¹⁵ Cahill, p.276

¹⁶ Patrick Weller and James Cutt, *Treasury Control in Australia*, Ian Novak, Sydney, 1976, pp.24–26

¹⁷ Cited in Marian Simms, *A Liberal Nation: the Liberal Party and Australian Politics*, Hale and Iremonger, Sydney, 1982, p.147 (original reference not provided)

behaviour'. Hogan also insisted that in a democratic society no other system would be tolerated. There were no calls to prune public expenditure or stem the practice of redistribution because the philosophy was essentially viewed as just or binding.¹⁸

By 1975 the story had changed. Hogan, like many other economists within the government's inner circle, came out to attack redistribution and the Whitlam Government's economic practice in particular. His primary claim was that the redistribution of income was responsible for stagflation. This was totally contrary to Keynesianism, which worked on the theory that redistribution was needed to maintain the purchasing power of welfare recipients and low-income earners, which in turn would maintain a healthy level of demand within the economy. Instead, Hogan demanded that government get out of the economy and free private industry from government-imposed restraints. The market was declared the proper distributor of goods and incomes.¹⁹

Like the American neo-conservatives, Hogan also saw danger in the competing 'special interests' with which government had to contend. In his opinion government should not have made itself appear responsible for the economic shortcomings of others. To illustrate, he drew comparisons between the overloaded government and the fable of *Treasure Island*:

Squire Trelawney, a pillar of provincial establishment, was as narrow in experience as he was ambitious for treasure. Despite his role as owner and sponsor of the expedition his blabbing about possible new treasure changed the basis of the expedition. His raising of expectations about future prospects increased the competition for berths in the ships company, led to changes in the recruitment of crew, and ensured instability in the claims upon the new treasure. [Emphasis in original]²⁰

¹⁸ Ibid., p.147

¹⁹ Ibid., p.148

²⁰ WP Hogan, 'Whither the Australian Economy', paper presented at the Australian Finance Conference, Canberra, 1975, p.10

Hogan advocated an overhaul of the taxation system in order to reduce claims on government resources and government control over the distribution of resources, a technique he saw as 'hazardous to future economic stability'.²¹ He also advocated a restriction of the money supply.²²

In 1975, Hogan proposed monetarism and pruning back the welfare state as a remedy for the economic crisis, but by 1977 he had begun questioning welfare as a worthwhile goal, crisis or no crisis. Hogan began talking about substantial inequalities in income and wealth as an ideal stimulus to efficiency within the market place.²³ In addition, he claimed that 'the recent discussions of concepts such as "liberty", "rights" and "justice"', contained within the works of Nozick and Hayek in particular, 'do much to queer the pitch of those arguing for greater equality on the basis of some collective measurement of incomes and their distribution.'²⁴ Like Hayek, Hogan saw arguments for 'liberty' and 'justice' that incorporated 'welfare rights' as unfounded. Likewise, Hogan continued to chastise those who looked to government to solve their economic problems. By this stage he claimed that it was impossible to maintain a functioning economy and maintain a system of income redistribution. 'The harsh discipline of economic management reflects the tiresome fact of not being able to have your cake and eat it too'.²⁵ What had only ten years earlier been seen as an outdated and somewhat obscure theoretical position was now being declared 'common sense'.

After a long period of conflict with the ALP, the appointment of Bill Hayden as Treasurer in June 1975 proved to be a fortunate turn for the Treasury, for the first time since the Whitlam Government was elected, the Budget was shaped along Treasury lines.²⁶ New Right ideas were starting to appear within the rhetoric and action of the ALP. The demise of Jim Cairns' credibility as Treasurer was helped along by media owners largely sympathetic to New Right economic approaches.²⁷ Within the media,

²¹ Ibid., pp.5 and 3

²² Ibid., pp. 6 and 7

²³ WP Hogan, *Command and Choice: Issues for Government Intervention*, 1977 Alfred Deakin Lecture, p.7

²⁴ Ibid., p.18-19

²⁵ Ibid., p.9

²⁶ Weller and Cutt, p.26

²⁷ See chapter 7 for more detail

Cairns came to be regarded as a symbol of Keynesianism and therefore as a symbol of outdated and ultimately damaging economics. Hayden's 1975 Budget provides just one example of the government's shift to a 'fight inflation first' approach. Hayden's approach was to restrain government spending and maintain unemployment at its current high level in order to bring inflation down. He mirrored Friedman by claiming that unemployment below a 'natural rate' only accelerated inflation. During his Budget Speech Hayden also countered Keynes by claiming that deficits caused inflation.²⁸ Treasury received the Budget warmly.²⁹

Five months later the Governor General removed the government from office. Its successor, the Fraser Government, embraced the Treasury and developed a strong working relationship with both Hogan and Stone. Since the economic crisis, members of the Liberal and Country Parties had been espousing the ideas of overseas New Right activists and calling for lower taxes and a vastly diminished welfare state. As we have seen earlier in this chapter, while in office, Malcolm Fraser claimed Ayn Rand as an influence and as his favourite author. Rand herself confirmed that he was a subscriber to her fortnightly publication *The Ayn Rand Letter*.³⁰ In 1972 he declared that Rand should be required reading for all politicians.³¹ Members of the Australian New Right hoped for something big. They were disappointed. Although the government held a majority in both the House of Representatives and the Senate, it appeared very quickly that a New Right agenda would fail to transpire without some concerted action. The CIS, the IPA, the Chamber of Commerce and the Treasury all placed pressure upon the government to deliver on its rhetoric.

The dries

Some of the most effective pressure came from inside the party, in the form of a faction that would later come to be known as the 'dries'. The dries were a persistent force in parliament. Their numbers were substantial and they spoke often. Their relationship with the front bench was such that they sometimes caused annoyance, constantly applying pressure for more reforms, and sometimes acted as a source of

²⁸ Hughes, *Exit Full Employment*, p.119 and chapter 9

²⁹ *Ibid.*, p.115

³⁰ Marian Sawyer, 'Political Manifestations of Libertarianism in Australia', in Marian Sawyer (ed.), *Australia and the New Right*, Allen & Unwin, North Sydney, 1982, p.9 and note 3, p.153.

³¹ John Edwards, *Life wasn't meant to be Easy*, Mayhem, Sydney, 1977, p.27

ideas for other ministers. As Treasurer, John Howard was particularly interested in their input. The issues on which they were most vocal included: tariff reform, taxation and welfare.³² John Hyde, one of the leading dries, described the faction during the Fraser years as 'a counter-establishment loosely united by ideology, networks, a mutual support mechanism and a comprehensive economic view of the Australian disease'.³³ From 1975 onwards, the loosely defined group of New Right LCP members gained strength and numbers. The Country/National Country Party was not short of support. Ray Braithwaite and Stephen Lusher identified as dries. The major force came from the Liberal Party. Jim Carlton, Peter Rae, John Hyde, Murray Sainsbury, Grant Chapman, David Hamer, Ross Maclean, Peter Shack, and the Minister for Business and Consumer Affairs, John Moore, were all dries.³⁴

Although the dries gained more power during the 1980s they were not merely a minority group of backbench rebels. They were also part of an increasingly powerful extra-parliamentary New Right movement closing in on the Old Right. While frontbenchers expressed similar sentiments but remained pragmatic, the dries were closely allied with the Treasury and the Department of Finance, both of which offered advice and support throughout the Fraser years. As John Hyde notes:

Once the Dries in Parliament 'came out', good one-to-one advice on any issue was plentiful. Both solicited and unsolicited, it came from officials of the Treasury, Department of Finance, the Social Welfare Policy Secretariat, the Reserve Bank, the Industry Commission, some business economists and several academics. The officials respected state secrets but, if a matter was on the public record, we were sometimes alerted to it.³⁵

In 1978 the dries received an added boost to their campaign. After reading the proceedings of the second seminar of the CIS, John Hyde was so impressed at the 'liberality' of what he read and the 'competence with which the arguments were marshalled' that he arranged to meet with Greg Lindsay. 'I had by then decided that

³² Simms, p.161

³³ Hyde, *Dry*, p.103

³⁴ Simms, p.161

³⁵ Hyde, *Dry*, p.108

the Government I sat behind was ducking the hard issues and I knew I needed to help people of a liberal persuasion', Hyde later explained.³⁶ Hyde's diary recorded several meetings with Lindsay and other CIS members. By 1980, Hyde claimed that 'the CIS and the Dries in the Federal Parliament regarded each other as effective allies in a common cause that had nothing to do with party politics.'³⁷

The dries worked within their own parties to change opinion and legislation but their tactics were not always well thought out or particularly convincing. Meetings consisting of 'economic literates', organised by dry backbenchers, shut down counter-points, preferring silence to debate. At one meeting Senators John Watson and Michael Baume were howled down for disagreeing with Hyde's statements on protection and taxation. Hyde claimed that the meetings were remarkably uniform in opinion. He preferred it that way.³⁸ The public were subject to much less outwardly aggressive tactics. In later years Hyde claimed, in a book chapter called 'Winning the Good Fight', that he had used a particular strategy in order to put the message of small government to the people:

A cause can gain and maintain a degree of moral superiority by continually and publicly setting its policies in the context of values the public already holds – e.g. it is just, it is democratic, it will assist the poor and so on. Defence of the same policies in terms of efficiency or ideology will not be as readily accepted.³⁹

The notion that a reduced welfare state would help the poor is one that may sound odd at first, yet it was (and is) a common tactic of neo-liberal anti-welfare-state proponents to couch welfare cuts in this language. 'Those who are in the most need' will benefit from a reduced welfare state through 'targeting' strategies and 'waste reduction', while those who are merely 'dependent' on 'handouts' will be forced to become independent. As part of his plan to 'assist the poor' Hyde pushed for the

³⁶ Ibid., p.59

³⁷ Ibid., p.70

³⁸ Ibid., p.108

³⁹ John Hyde, 'Winning the Good Fight' in C Ulyatt (ed.) *The Good Fight: Essays in Honour of Austin Stewart Holmes*, Allen & Unwin in association with the Australian Institute for Public Policy, Sydney, 1989, p.221

introduction of a 'welfare loan' system, which would require unemployment benefit recipients to pay back their benefit when they obtained a job.⁴⁰

Some dries were in positions of influence outside of their role as members of Parliament. Tasmanian Senator Peter Rae for example was Chairman of the Senate Committee and regularly appeared in Rupert Murdoch's *The Australian* as a columnist. By 1981 the dries were becoming more organised. John Hyde, with the assistance of Jim Carlton, who the following year would become the Minister for Health, organised a meeting of like-minded MPs and other New Right figures. Hyde and Carlton were anxious that the group should have what he termed a 'ruse' handy should they be discovered and accused of trying to unseat the Prime Minister. Although Hyde had warned Fraser that he intended to 'blackmail' him into effecting New Right policy change, unseating him seemed only a remote concern considering that Fraser's major contest for the position was Andrew Peacock and Peacock was equally unsympathetic to the dries.⁴¹ In the words of John Hyde, 'Carlton's strategy was brilliant'. The group would plan and consolidate its power while claiming ostensibly to discuss the book *Australia at the Crossroads*. According to Hyde, Michelle Grattan of *The Age* was the only journalist to become aware of the meeting. Hyde 'disingenuously fobbed her off with a story about studying the *Crossroads* book' and she not knowing who was to attend, did not follow her lead.⁴² While very few at the time appreciated the meeting's significance, it was the most important formative experience for the parliamentary dries whose place within the New Right network was indelibly consolidated through the meetings.

The now infamous 'Crossroads' meeting brought dries together to develop a plan of concerted action. According to Hyde a number of important objectives were achieved by the meeting:

It spelt out the economic problem for people who were focused on only part of it. It placed this within a political context and identified the means that the think tanks had long accepted by which policy gains

⁴⁰ Hyde, *Dry*, p.113

⁴¹ Ibid., p.108

⁴² Ibid.

can be achieved. It established a network that extended into State and Federal Parliaments, business, the finance sector including the Reserve Bank, agriculture, the think-tanks, academia and the churches...It painted for all of us what Keating was to call 'the big picture'. Henceforth, each policy skirmish would be part of the campaign.⁴³

The meeting also led to the decision to set up a club of 'market favouring' Liberal and National Country Party parliamentarians, the Society of Modest Members. According to Hyde, 'its purpose was to facilitate communication... and to give encouragement when the path was steep and lonely.' It began with over 100 members.⁴⁴ Several more Crossroads meetings occurred at which 'details of tactics were refined'.⁴⁵

The dries were not as rebellious as people give them credit for. Their agenda represented one side of an argument that was occurring within the LCP, but did not represent its totality. The dries were far less patient than their allies whose rhetoric supported the dry campaign but whose actions remained somewhat piecemeal.

New Right rhetoric in the Liberal and Country Parties

In 1975 Fraser outlined his 'National goals and objectives' at the Australian and New Zealand Association for the Advancement of Science (ANZAAS) conference. He declared Keynes dead and spoke of Keynesian economics as 'history'. This 'history' had left the economy in a mess. It was never to be repeated. Fraser spoke of people who looked to this past Keynesian age. He termed those people 'romantics', in essence, unrealistic and lacking in 'common sense'. He also referred to Keynesian economics as a 'sop to our conscience'. Conscience defined in this manner would have to be put aside or redefined in favour of realism.⁴⁶

One of the most effective arguments put forward was that Keynes had been right, but only in a specific context, namely the Depression. Once the Depression subsided Keynesian economics became intrusive and unnecessary. The market could once

⁴³ Ibid., p.109

⁴⁴ Ibid.

⁴⁵ Ibid.

⁴⁶ Malcolm Fraser, MP, 'National Objectives – Social, Economic and Political Goals', based on a paper presented to the 46th ANZAAS Congress, January 1975, in *The Australian Quarterly*, vol 47, no. 1, March, 1975, pp.27–28

again resume its rightful place as the distributor of incomes and services. On top of its supposed 'irrelevance' Keynesianism was also announced as the cause of the 1974–5 recession, a discursive strategy shared by proponents of New Right economics all over the world. Fraser represented one among many LCP members when he stated:

It is an ironical but tragic circumstance that Keynesian economics, wrongly interpreted and hence applied is now the cause of the greater part of our current ills. Keynes wrote at a time of Depression and unemployment. He wrote to cure the social and economic ills of his day. He wrote at a time of acute lack of demand and of massive unemployment. He legitimised deficit financing *in the circumstances of the 1930s* as a means of creating demand and employment. If Keynes were writing today he would propound different remedies. [Emphasis in original]⁴⁷

Those who used this discourse must have known that the ALP was not essentially practicing Keynesianism when the recession hit. Rather than 'pump priming' by running a deficit, the Whitlam Government actually recorded a surplus of \$211 million in the 1973–4 period.⁴⁸ For this reason, Keynesianism could not have been the *cause* of the recession. It is simply the case that at an international level Keynesian demand management had failed to ward off the recession. The purpose of this discourse was to cement New Right economics as the only alternative to the recession. If a discursive dichotomy could be formed in which people had to choose between the defunct and 'evidently' dangerous Keynes and a New Right alternative, then this would form an integral part of the New Right hegemonic project. In the words of Stuart Hall: 'The claims in the economic arena are not that "monetarism works" but that there is "no alternative".'⁴⁹

Once the LCP had been elected in December of the same year, the rhetorical assassination of Keynes continued. Three months after the December election, the Minister for Finance, Phillip Lynch, gave a ministerial statement on the economy and

⁴⁷ Fraser, 'National Objectives', pp.26–27

⁴⁸ Hughes, 'The Economy', p.16

⁴⁹ Hall, 'Toad in the Garden', p.41

economic policy. In it he stated that government spending would be cut back and that anyone who disapproved was using 'outdated' economics.

To some, cutting back on government spending and the deficit seems paradoxical; we hear it argued that it will not contribute to economic recovery but, on the contrary, will simply serve to depress activity still further. In today's world that orthodox 'keynesianism', in my judgement and in the judgement of the Government, is no longer appropriate; on the contrary, it is hopelessly outdated.⁵⁰

Lynch not only declared Keynes outdated, he claimed that the government's chosen course had the authority of world opinion behind it, and therefore was the only option. 'The world' had rejected Keynes and Australia would be wrong to fight the trend. The IMF, the United States and even 'the home of Keynesianism', the United Kingdom, had all rejected big government. It was time Australia did the same.⁵¹ Australians had no alternative but to show restraint and sacrifice where they had been accustomed to receiving from the state. Hence forth, the provision of welfare would be 'judged rigorously on the principle of need'. The exact meaning of need as defined by the government was never clearly spelt out.

Unlike the Treasury, who had very little need for such a tactic, the government presented its New Right agenda in popular terms, appealing to values thought to be already present within society. The main methods by which this was achieved had already been tested in Britain and the USA. The LCP actively sought to represent 'big government' as 'big brother', an evil and intrusive bureaucracy that limited the freedom and 'liberty' of citizens. This idea was very much in keeping with the libertarian philosophies of Ayn Rand, Friedrich von Hayek, Milton Friedman and Robert Nozick. In addition, anti-bureaucratic sentiment was popularised through the use of a new-class discourse that had been popular among American neo-conservatives since the late 60s. The taxpayer was represented as the supreme bearer of rights and the redistribution process as an affront to those rights.

⁵⁰ Phillip Lynch, MP, *House of Representatives Parliamentary Debates*, 4 March 1976, p.577

⁵¹ Ibid., and Phillip Lynch, MP, Address by the Treasurer, the Hon. Phillip Lynch, MP, to the Financial Times Conference, media release, Sydney, 13 October, 1976

New ways of thinking about the state and about rights and justice were an integral part of the popularisation of a new economic 'common sense'. These concepts were commonplace among the think tanks, but the government's ability to reach more people and to popularise the philosophies of Friedman, Rand, Nozick and Hayek, far surpassed the abilities of the think tanks. The terms in which these philosophies were expressed were intended to connect with feelings of financial stress among low to middle income earners, especially given the effects of the recession. The new economic common sense was therefore accompanied by a legitimising philosophical common sense, which sought to redefine contested notions such as 'rights' and 'justice' and to replace the social with the individual. By placing the rights of the taxpayer at the apex, claims for welfare rights could be declared to be ill-founded and illegitimate, mainly because 'property rights' as defined by libertarian philosophy could not exist in conjunction with welfare rights.⁵²

Most members of the government followed a neo-conservative as opposed to a libertarian line on taxation. This meant that while it was agreed that government should still collect and spend taxes, it was also agreed that the process should accord with the wishes of 'the people'. More often than not the wishes of the people coincided with the wishes of the parliamentarians promoting them. This meant that rhetoric on taxpayers' rights coincided with and supported government policy. In a parliamentary debate in March 1976, Senator Kathryn Martin claimed, while discussing unemployment benefit:

There is no doubt at all that there was enormous resentment in our society, and there still is, towards people who claim that they do not have to work but that those who do have to work should keep them as well... We have a responsibility to them [taxpayers] as the people who fund the operations of government, to ensure that the basic democratic process, that is the right of the taxpayer and the right of the voter to direct how their money will be spent, is safeguarded.⁵³

⁵² See for example Robert Nozick, *Anarchy, State and Utopia*, Basil Blackwell, Oxford, 1974

⁵³ Senator Kathryn Martin, Senate Debates, 18 March 1976, p.637

Minister for Social Security, Senator Guilfoyle, expressed a similar view to the Australian Institute of Directors in April 1976 when she claimed that 'the extent of distribution judged desirable is a matter of community choice' and that 'the question of "who wins and who loses" must be viewed in the light of community discontent'.⁵⁴ At other times, members of the LCP invoked libertarian discourse to support policy. Robert Nozick's characterisation of taxation as theft in his book *Anarchy, State and Utopia* played an important role in the promotion of a small state agenda during parliamentary debate. Liberal member for Petrie John Hodges likened the receipt of dole money to shoplifting and encouraged each taxpayer to view him or herself as a victim of crime.⁵⁵

LCP members also advocated a shift away from government responsibility in the area of resource allocation. Like Hayek, and others who drew upon him, they claimed that Keynesianism had created 'unrealistic expectations' of what governments could do and that it was time to shift more of the load to the market. In an address to the Stanford Research Institute in Sydney during 1976, Fraser insisted that:

Over a long period governments...aroused excessive expectations about future incomes, and about the rights to future incomes divorced from the responsibility to work. The progress by which governments have fuelled unrealistic expectations and squeezed out enterprise and opportunity must end.⁵⁶

During the same year the Governor General in outlining the government's programme, urged a larger role for the 'voluntary welfare' sector, to pick up the government's slack.⁵⁷

Around this time too LCP members began to use 'socialism' as short hand for Keynesianism. This reflected techniques used by the New Right in America to bring

⁵⁴ Senator Margaret Guilfoyle, 'Economics and Social Security—Who Pays?', Speech to the 6th National conference of the Australian Institute of Directors, Wentworth Hotel, Sydney, 1 April 1976, p.15

⁵⁵ John Hodges, MP, *House of Representatives Parliamentary Debates*, 30 March 1976, p.1125

⁵⁶ Address by the Prime Minister, Malcolm Fraser, to the Stanford Research Institute – Sydney 15 Nov 1976, N136/99 Major Speeches and Statements, IPA Archives, Noel Butlin Archives Centre.

⁵⁷ Governor General's speech, *House of Representatives Parliamentary Debates*, 25 Feb 1976, p.303

Old Right Cold War crusaders over to the cause. While outlining the difference between a socialist and a liberal, Fraser stated that 'the socialist will turn to government-sponsored solutions while the liberal asks, "can individuals solve it for themselves, can the government create the climate in which that can happen?"'⁵⁸ Senator Douglas Scott of the National Country Party claimed in 1978 that 'socialism' had been the cause of unemployment. It had encouraged people to demand entitlements under circumstances of financial strain. Incorporating supply-side economics into his argument, he claimed:

Unemployment is in no small measure the legacy of its creator. I believe and most Australians now believe that basically the creator of unemployment has been the leaden hand of socialism. The refusal to work and to grab opportunity has led a significant number of Australians into a state of mind in which they assume that the state is there merely to provide. As I said earlier in my remarks, the state can only provide what it takes from the people. The more it takes from the people the less is their incentive to get on with the job of production.⁵⁹

For some, the word 'socialism' conjured up ideas of a controlling and aggressive state that invaded the rights of its citizens. Others had to be told outright that this had been occurring under the Keynesian welfare state. At the Hobart Press Club in 1976, Malcolm Fraser claimed that the costs of demanding more from government were 'liberty, diversity and ultimately self respect'. He added that:

Throughout the Western World there has been a fundamental reappraisal of the course that has been taken'. The path of rising taxation, expanding bureaucracy[,] growing regulation and centralisation of power is no longer seen as the path to a better life—it is more clearly seen now for what it is: the path to a 1984 kind of

⁵⁸ Fraser, 'National Objectives', p.24

⁵⁹ Senator Douglas Scott, Governor General's Speech Address-in-Reply, *Senate Debates*, 2 March 1978, p.302

society... *That is why, for example, in the welfare area we are stressing reforms...*[emphases in original]⁶⁰

The Coalition and new-class discourse

During the recession and increasingly in its aftermath, the government also began using another popular New Right discourse that had emerged from the neo-conservative movement in the United States and particularly from prominent New Right activists such as Irving Kristol and Norman Podhoretz. This discourse, later termed 'new-class' discourse, invoked an image of an elite 'new class' of welfare bureaucrats and middle-class intellectuals whose purpose in supporting the 'social justice industry' was purely self motivated. The 'new class', therefore, wasted taxpayers' property in a fashion that did not benefit the economically disadvantaged. Their main object, according to proponents of the discourse, was career advancement and institutional power. Victorian backbencher Neil Brown articulated this when in 1978 he stated:

We have become so preoccupied with the need for social welfare and support of one means or another that we find now that there is virtually a social welfare establishment. Like all establishments, it is concerned to entrench itself to increase the number of clients who are dependent on it and to expand the proportion of resources over which it has control. Like all establishments, it reacts with outrage if any suggestion is made to limit the boundaries of its empire. We have now given such an impetus to the social welfare establishment that we run the risk of encouraging a dependent mentality.⁶¹

This discourse enabled its proponents to claim that welfare did not help 'the people' in fact it hindered the people. 'The people' did not want middle-class elites 'interfering' in their lives. The new class were out of touch with what 'the people' wanted. In contrast, the LCP claimed to speak on behalf of the people, vocalising their desire for lower taxes, a decreased welfare state and 'less interference' in their lives.

⁶⁰ Prime Minister Malcolm Fraser to Hobart Press Club, 27 Oct 1976, Major Speeches and Statements, IPA Archive, Noel Butlin Archives Centre, N136/99

⁶¹ Neil Brown, MP, *House of Representatives Parliamentary Debates*, 8 March, 1978, p.559

Remarkably, the people's wishes mirrored the New Right's vision for economic recovery. In Fraser's 'National Objectives' speech in 1975, under the heading 'Solution to Crisis' he claimed that 'In our society individuals will not tolerate and ought not to tolerate vast increases in government's right to direct how their incomes will be spent.' He added that if the current distribution of resources were deemed to be acceptable by the people 'they would not be making such vigorous claims to increase the real value of their take home incomes'. In saying this Fraser drew a discursive line between those who promoted social services and those who desired more take-home pay. Essentially, the latter were probably the highest users of social services and welfare payments, but to choose more take-home pay over social services became synonymous with being 'one of the people'. Those who chose social services were obviously 'bludgers' or part of the 'new class'.

LCP members began to find opposition to welfare and to the new class among all sorts of 'average Australians' just as Kristol and Podhoretz had found among 'average Americans'. Not only did this serve to promote anti-welfare identification among the working classes who were always identified with the label of 'average American' or 'average Australian', it also served to separate disgruntled Old Left Democrats and ALP supporters from parties that had changed their focus quite markedly over the previous decade, particularly under Lyndon Johnson and Gough Whitlam.

While making a claim against the Labor Party and the new class, the New Right sought to attach itself to the traditional Labor Party constituency by representing itself as the true defender of the worker. This was a strategy engaged in by the American New Right both in the promotion of new-class discourse and in the promotion of taxpayers' rights. As Chapter 1 has stated, the development of this strategy arose for the most part not from the new-class discourse developing within the New Right in the US but from the work of two American Democrats hoping to revive their own Party. *The Real Majority*, written by Richard M. Scammon and Ben J. Wattenberg claimed that the key to winning a majority of voters lay in defining them. The average American according to the authors, had mixed views about race and civil rights, was fearful of crime and most importantly 'had always voted with her pocket book'.⁶² The

⁶² Scammon and Wattenberg, *The Real Majority*, p.63

New Right adapted the profile to ensure that it included resentment towards the beneficiaries of the 'average American pocketbook', that is, government employees and welfare recipients.

Members of the Fraser Government adopted this New Right strategy and language without necessarily identifying fully with a New Right agenda. Essentially it could be adopted by anyone wishing to separate 'taxpayers' from welfare recipients in order to gain support for policy decisions. Its effectiveness during a time of recession lay in the fact that it provided a plausible scapegoat for the economic pressures felt by 'average Australians'. Senator Peter Rae, a parliamentary 'dry' waiting for the term to be coined, articulated the rhetorical divide when he claimed in 1978:

I think one of our troubles in Australia at the moment is that to quite an extent we are suffering from a hardening of the compassion artery as a result of the constant twitching of the hip pocket nerve as people have been required to pay more and more to cover the cost of compassionate action. I was intrigued during the recent election campaign, while in the field for some three weeks meeting hundreds of people in factories, timber mills, shops, pubs and other places that the one matter that was raised constantly by the average person was his concern about unemployment. But it was not a concern for the unemployed; it was a concern for the amount of money it was costing the country to support people whom they regarded as not wanting to work.⁶³

Conclusion

The discursive shift itself was of great importance to the future of welfare in Australia, and on this score Fraser claims to have 'achieved a total revolution in the economic debate' with his speechwriter David Kemp claiming that the government 'administered a crushing intellectual defeat to "democratic socialism" and its objective of bigger government.'⁶⁴ This discursive shift also in its own way directly influenced welfare policy making, as Chapter 7 of this thesis will reveal. But just as it

⁶³ Senator Peter Rae, *Senate Debates*, 23 Feb 1978, p.102

⁶⁴ Cited in Richardson, p.226

is important to regard this discursive shift within the party as a major breakthrough for the New Right it is also important to recognise the very real shift in ideology and policy that was occurring *around* Fraser; in his own party as the parliamentary 'dries' coalesced and gathered strength after 1980, and among Fraser's economic advisors including those within the Treasury. Zealous New Right advocates therefore held sway within the government's closest circle, and those outside of it such as the antagonistic 'dries' functioned as a powerful lobby group and as a threat, particularly as their alliance with John Howard strengthened.

Evidence of just how far this shift has taken the Liberal Party is Fraser's refusal over the last decade or so to take responsibility for his government's 'failure' to implement the New Right agenda. When quizzed on the subject by Gerard Henderson he claimed that it was in fact his advisors and ministers who restrained him. It was their 'fault'. Fraser told Henderson that he had urged Margaret Thatcher to learn from his 'mistake', advising her: 'You've got to get in quickly before your ministers believe your political opponent's programs are their own programs. And so go in with a broad axe. Don't go in with a tomahawk...She'd been warned when I hadn't been warned.'⁶⁵ This comment should be regarded less as an actual reflection of Fraser's goals while in government and more as a reflection of the almost complete dominance of these goals within the Liberal Party by 1991, the year in which the interview was conducted and in which the Liberal Party Leader John Hewson released his strongly neo-liberal *Fightback!* package.

The Fraser Government was an effective vehicle for the New Right. It forged strong connections with government institutions into which US-educated New Right advocates flooded in the early 1970s, strengthening the conversion of these institutes. The government's discursive attention to tax cuts and a reduced welfare state also encouraged New Right activists to put forward their ideas and to expect results, and when these results were not forthcoming, to begin the ideological shift from the inside. While 'the Fraser Government' as an entity cannot be regarded as New Right, Fraser himself regarded its contribution to the economic debate within Australia as

⁶⁵ Henderson, p.257

transformative.⁶⁶ And as this chapter and Chapter 7 argue, his analysis is, in many respects, right.

So far this thesis has examined the growth of New Right ideas in Australia. It has in particular been keen to point out the effects of the American New Right in this respect. The following chapters will examine the ways in which the Australian New Right popularised neo-liberal and neo-conservative welfare ideology for an Australian audience. The next chapter will highlight a particular discursive strategy identified by Antonio Gramsci as a key component of hegemonic projects and used by the New Right in Australia. Nationalism, or national character discourse, helped the New Right to construct meaningful anti-welfare discourses that would incorporate the knowledge and existing discourses of Australians. They were however problematic. As the next chapter will show, dole-bludger discourses that incorporated ideas about Australian national character and nationalism were not easy to negotiate. In keeping with Gramsci's theory, their success or lack thereof lay in their ability to articulate the real lived experience of Australian people.

⁶⁶ Richardson, p.226

4

Anti-redistribution. Pro-Australia!

The Workers Party, the economic right and Australian national character

For a hegemonic project to have any success on a national level it must appear as the accumulation of 'national-popular' collective will. Antonio Gramsci claimed that while hegemonic projects must necessarily be international in outlook and interact with the ideas and strategies of other nations, the application of the project to a particular country must incorporate aspects of the 'national culture' and assume a 'national character'.¹ If a particular project is to assume a 'national character' it must develop a vernacular language. Thus I have examined in the previous chapters the international frame within which the Australian New Right hegemonic project was constructed. This chapter and the following will examine attempts to 'Australianise' New Right anti-redistribution agendas.

This chapter will examine Australian-national-character rhetoric and its application to the differing redistribution agendas within and between the Workers Party, and the Coalition. It will argue that the promotion of redistribution policy invoked entrenched national character discourses that incorporated anti-authoritarianism, anti-intellectualism, egalitarianism and the Australian as 'worker'. Finally, this chapter will argue that although national-character and popular-interest rhetoric is malleable, there are always a number of versions in play to which competing discourses must conform. In addition, national-character rhetoric must not deviate too far as to be totally removed from the way in which people see their own lives.

¹ Gramsci, pp.130–31

Antonio Gramsci has argued that within political institutions class struggle often takes the form of an ideological struggle to define the national or popular interest. Rival claims to this effect represent conflict within and between classes. The rhetorical application of these notions reflects a constant renewal and accommodation of relationships between classes. Rival claims to define the national character are part of this political process. In the words of Gramscian Marxist Ernesto Laclau:

Every class struggles at the ideological level simultaneously, as a class and as a people, or rather, tries to give coherence to its ideological discourse by presenting its class objectives as the consummation of popular objectives.²

An advocate attempts to gain legitimacy for an economic policy by shifting cognitive frames. As a main component of this project, the advocate aims to achieve consent through the use of legitimating symbols and representations, popular mythologies and promised rewards. However, an advocate has a very restricted space within which to move. Previous rival claims have struggled to achieve acceptance for many years and have already made their mark. When attempting to gain acceptance for a new economic agenda, an advocate must reuse and redefine national character mythologies already in play. These have been previously shaped by all sides of politics and are therefore reasonably malleable. While drawing upon and developing existing national-character rhetoric, an advocate must also present a version of the national character that appears to be open to interpretation. One with which a wide range of people can identify. This makes the object of gaining a workable degree of consent somewhat easier and enables the advocate to claim with some plausibility that their particular interests are those of the society at large.³

The Australian character was defined and utilised in many different ways by the economic right during the mid-1970s. Many of these differing versions can be directly related back to the policies they were used to promote. The advent of a party totally opposed to redistribution of any kind, coupled with changing redistribution agendas

² Ernesto Laclau, *Politics and Ideology in Marxist Theory: Capitalism, Fascism Populism*, Nlb, London, 1977, pp.106–7

³ Gramsci, p.182

amid an increasingly neo-liberal coalition, provide us with the perfect testing ground for the use of Australian-national-character rhetoric. Within the Liberal and Country Parties alone, differing approaches to redistribution policy meant that a truly 'Australian' economic redistribution, one in which the 'Australian character' would be reflected, was contested. For the Workers Party, redistribution of any kind came to be represented as the antithesis of the Australian national character.

The formation of the Workers Party

On the Saturday night of Australia Day long weekend, 1975, friends, supporters and invited others made their way to the Eastern side of Circular Quay. There inside the Opera House, poised to celebrate the beginning of a potential economic rebellion, were the members of Australia's newest political party. Against the backdrop of the Harbour, with the bridge in sight, John 'Singo' Singleton and a young economic libertarian by the name of Bob Howard, declared the Workers Party officially launched.⁴ Twelve days later the party began a series of regular public meetings at the Koala Motor Inn on Oxford Square. A crowd of 130 attended. They were told, among other things, that the Workers Party could be relied upon to tell the 'truth' about Australia. This truth consisted of assertions that taxpayers were being 'ripped off', that Australia was 'stuffed', that 'human leeches, parasites, no-hopers and bludgers' were sucking the country dry, and that the 'good guys', the true Aussies, were being taken for a ride.⁵

In the weeks that followed the Australia Day launch, newspaper headlines declared the party ocker and uncouth. John Singleton was given unflattering nicknames such as 'the prince of ockerdom' and 'John Simpleton'.⁶ More favourable articles described him as 'very Australian looking' and, on more than one occasion, compared him to Paul Hogan. Others declared that he was 'just the sort [of Australian] that you would recognise overseas'.⁷ The party was never mentioned without reference to its Australianness, assumed or otherwise. From this vantage, members of the Workers Party were able to declare themselves fit to judge their own policies as truly

⁴ Patricia Johnson, 'Singleton: The White Knight of Okkerdom', *Cleo*, no. 32, June 1975, pp.57-9

⁵ Lenore Nicklin, 'Introducing the New Workers' Party', *Sydney Morning Herald*, 6 February 1975, p.7

⁶ Johnson, 'White Knight'

⁷ Ailsa Craig, 'John Singleton: He Believes in the Workers Party (Otherwise he wouldn't do this Commercial)', *Woman's Day*, April 21 1975, pp.43, 45, 48

Australian. The job of convincing others looked relatively easy. John Laws and Channel Ten provided assistance in this matter. In 1976 Bob Howard was given a weekly five-minute slot on Ten's *Family Circle* during which time he was able to raise issues of concern for the 'average Australian'. His party connections were never revealed. Likewise John Laws agreed to 'use party material supplied to him on a regular basis which promotes party philosophy without identifying it as such.'⁸

Unlike Laws, the print media did not provide favourable comment. Workers Party press releases were used as dartboards in more than one newspaper office. Those throwing the darts were divided into two camps; reporters who loathed the party's uncouth Australianisms and declared the party unfit for political life for this reason, and reporters who believed the party's Australianisms were part of an elaborate hoax to win the support of the battler. Those in the latter camp set about to expose the party as 'elite', and therefore less Australian than supposed. Those in the former camp dwelt upon Singleton's attire and asserted love of beer. Neither questioned the version of Australian national character that was put forward by the party. In fact it was assumed that the party did represent the true Australian character, though either falsely or a little too well.⁹

Somewhere a little further to the left, members of the LCP made their own claims about the Australian national character. In the midst of a Whitlam descent, pushed along by the 'failure' of Keynesian economics, prominent members of the Coalition, together with the Treasury, were calling for a new economic programme. Those who called for the changes cited welfare recipients as an affliction upon 'the nation'. They claimed that the system of redistribution had led to the erosion of the 'Australian way of life'. An economic programme reflecting the Australian virtues of hard work, independence and support for the nation's primary and secondary industries would restore the Australian way. To maintain the existing system of redistribution would ultimately mean death for the true Australian character.

⁸ Outline of Proposed Functions of Publicity and PR for the Workers Party in NSW 1976, Records of the Workers Party (Australia), National Library of Australia, MS9818/3

⁹ Christine Maher to NSW State Assembly of Workers Party RE: PR Activities Past and Present June 15, 1976, Records of the Workers Party (Australia), National Library of Australia, MS9818/3

Anti-authoritarianism

The Workers Party, the Liberal Party and the Country Party frequently asserted that Australians, by their very nature, were anti-authoritarian. For the Liberal and Country Parties, however, anti-authoritarianism was an adaptable concept, to be used or discarded depending upon the policy. Under some circumstances, such as those related to issues of 'law and order' anti-authoritarianism was absent and the 'will of the people' was more likely to reflect the Australian desire for safety and justice. Discussions concerning welfare reform, on the other hand, often used anti-authoritarianism as a defining feature of the Australian national character. When applied for the purposes of anti-redistribution rhetoric, this simply meant that Australians, by their very nature, would not tolerate unwelcome government interference in the direction of their resources.

The key word here is 'unwelcome'. Both the Liberal and Country parties claimed that the Australian people welcomed certain types of redistribution, while other types did not reflect 'the will of the people'. In particular, 'dole bludgers' were singled out as the 'unworthy' recipients of redistribution, while farmers, small business people and an undefined category of recipients called 'the truly needy', were chosen as rightful recipients by 'the will of the people'. This type of redistribution, though not sparking the 'anti-authoritarian' nature of the people, was said to stem from the Australian national character. The concept of 'mateship', with its consequent notions of egalitarianism and a 'fair go', was invoked to support these redistribution policies.

Members of the Country Party, in particular, focused upon the farmer and the small business owner as the rightful recipient of help. This help could be delivered in the form of assistance to industry or welfare payments to individuals. Bruce Lloyd was the most vocal proponent of welfare payments to individual out-of-work farmers. He believed that farmers were not being given a 'fair go' by social security officers. He also claimed that the exclusion of farmers and small business people from unemployment benefits based on property ownership, constituted an injustice.¹⁰ Alexander MacKenzie emphasised the point by claiming that rural unemployment should be contrasted against other less serious welfare cases. While claiming that the

¹⁰ Bruce Lloyd, MP, *House of Representatives, Parliamentary Debates*, 28 September 1978, p.1540

Leader of the Opposition was not serious about rural unemployment he asked: 'Why should other more needy people in the community be penalised when single parents are living in defacto relationships, often both being supported by the welfare dollar?'¹¹

Assistance to rural industry was also seen as justified based on the idea that Australians would 'get their money back'. The assistance would be repaid through productivity, which would in turn benefit the nation as a whole. In reference to the superphosphate bounty which had come under attack from the Whitlam Government in 1975, the Liberal member for Forrest, Peter Drummond, reminded Australians that

The rural industries of Australia are certainly not a drag on the taxpayer. One has to remember the contribution that the rural industries of Australia make to our export income and also the amount of money which flows through the community.¹²

According to Drummond, the rural industry should inspire Australians to give because 'one can see that the rural producer is more than pulling his weight within the community'.¹³ Queensland Country Party member, Percival Millar agreed: 'Where is the thought on the future productivity of Australia... Where is the great Australian concept of a fair go?'¹⁴ Other deserving groups were pensioners, who had, through a long life of labour, already given to the nation, and 'those most in need'. Although 'those most in need' were never really defined, they were often placed in opposition to 'dole bludgers' who, by cheating the system, were not exhibiting 'mateship' toward 'those most in need' or toward 'average Australians'. Redistribution that did not arise from the 'will of the people' constituted an act against the Australian national character.

The concept of mateship, and in particular the absence of any visible relations of mateship between 'dole bludgers' and 'average Australians', could also be used in

¹¹ Alexander MacKenzie, MP, *House of Representatives, Parliamentary Debates*, 31 May 1979, p.2739

¹² Peter Drummond, MP, *House of Representatives, Parliamentary Debates*, 11 September 1975, p.1348

¹³ Ibid.

¹⁴ Percival Miller, MP, *House of Representatives, Parliamentary Debates*, 2 September 1975, p.882

support of anti-redistribution agendas. Mateship, when defined by socialist writers in the 1930s, 40s and 50s, represented the 'camaraderie of the battlers'. It was something that did not exist in the relations between workers and employers or between members of the ruling class. Socialist writers Ralph Gibson and Russel Ward saw these relations as being predicated upon greedy, grabby and underhanded ethics. It was essentially seen as 'un-mately' to appropriate a portion of the rightful earnings of a worker. The image then lent itself to an idea that mates didn't grab from their mates. Ralph Gibson in 1951 claimed that: 'Socialism has its roots in Australia's past. The idea of working together, instead of grabbing from each other, the idea of mateship, goes back in our history'.¹⁵

When used in this context 'mateship' is clearly intended to promote a class-based version of Australian national character where 'workers', as opposed to 'non-workers', exhibit the true Australian national character. The fact that mateship promotes solidarity instead of individualism at first seems problematic for anti-redistribution rhetoric. However, there are components of the concept that can quite easily be utilised by anti-redistribution advocates. Most obvious is the notion that the full value of a worker's labour is rightfully his. Mates do not grab from mates. Secondly, while mates help their mates, it does not seem acceptable for mates to force mates to help them. This would, in fact, be 'un-mately'. These two aspects of the concept came to be used frequently when describing welfare recipients as people who 'cheat on their mates'. Liberal Senator Shirley Walters, used this negative version of mateship when she stated:

There have been a lot of reports lately about our government being anti-dole-bludgers. This is true. Our government is opposed not only to those who cheat on unemployment benefit but also to those in the community who cheat their fellow man in Australia.¹⁶

¹⁵ Ralph Gibson, 'Socialist Melbourne', in Ian Turner (ed.), *The Australian Dream: A Collection of Anticipations about Australia from Captain Cook to the Present Day*, Sun Books, Melbourne, 1968, p.338; Russel Ward, *The Australian Legend*, Oxford University Press, Melbourne, 1958

¹⁶ Senator Shirley Walters, *Senate Debates*, 16 March 1977, p.204

Country Party member Alexander MacKenzie expressed a similar line claiming that, much to his distress, the old Australian way of refusing to be a burden on one's fellow man had disappeared.

Our national spirit and identity and endeavour appear to be waning...It has been said on many occasions that we as Australians are an 'I am alright Jack' nation. I believe that a new dimension can now be added to that. We can say 'if I am not alright Jack, you have got to bail me out'. Jack, of course, means the Government, the taxpayer, the employer or our fellow Australians — anybody but ourselves.¹⁷

In this statement, the idea of asking for help almost proves that one should not receive it. Those who possess the 'national spirit, identity and endeavour' are not those who ask for help. Mateship has not only been appropriated but turned inside out to promote a discourse of self-reliance.

While the welfare agendas of the Liberal and Country Parties called upon Australian national character mythologies to support the idea of 'good' and 'bad' redistribution, the Workers Party claimed that all redistribution was the antithesis of Australian national character. According to John Singleton and the Workers Party, mateship meant 'leaving people alone to achieve what they want'.¹⁸ Redistribution of any kind was contrary to mateship because it constituted theft. It also constituted an act of aggression perpetrated against the individual by the state. Therefore, no redistribution could accord with 'the will of the people' as 'the people' were, under all circumstances, entirely individualist and anti-authoritarian by nature. In addition, Singleton claimed that all plans for redistribution should be subject to a people's referendum. This would 'prove' that 'the people' rejected such plans and, as a result, the government would have to reduce its programmes to comply with 'the people's wishes'.¹⁹

¹⁷ Alexander MacKenzie, MP, *House of Representatives, Parliamentary Debates*, 9 March 1977, p.31

¹⁸ Douglas Aiton, 'John Singleton: An Ocker Come of Age', *The Age*, 3 December 1976, p.8

¹⁹ Workers Party, *Economic Policy Statement December 1975*, Workers Party, Indooroopilly, 1975, p.6

Concepts of Australian individualism and anti-authoritarianism were used to support most Workers Party policy. The party claimed that taxation was the greatest affront to the anti-authoritarian national character and that any calls for the redistribution of 'stolen money' in the name of 'the public good' were not justified. South Australian Workers Party member, John Algirdas Ludwig Leonardo Pocius, called upon all Australians to boycott taxation in the name of 'the nation':

I will not pay my income tax and am prepared to pay the consequences. Enough has been paid by me in all other kinds of taxes. I will publish an open letter to this effect in "the Advertiser" on June 4. If I get away with it we will have the rebirth of a nation. Goodbye subsidies, doles, bounties, assistances! Welcome enterprise and hard work!²⁰

In response to this, some not-very-well-attended anti-tax rallies were held in Rundle Mall.²¹

For the Workers Party, anti-authoritarianism could also be used to support individualist social policies. In an A to Z book of political musings entitled *Rip Van Australia*, John Singleton and Bob Howard claimed that 'democracy is inherently immoral...Majority vote is now being used to distribute privilege and enforce conformity on all Australians' and

The law must be used for its proper function — to protect individual rights. *Not* to slowly strangle and smother all voluntary human activity. There ought to be a law against it — a great big law called non-interference.²²

Members of the Workers Party were committed to both economic and social libertarianism. As such, the 'will of the people' and the national character were often

²⁰ John Algirdas Ludwig Leonardo Pocius, 'I Reject Income Tax Demand', *Workers Party Bulletin (SA)*, no.12, May 1977

²¹ Anon., ' "Tax Revolt" in Rundle Mall', *Workers Party Bulletin (SA)*, no. 18, August 1978

²² John Singleton with Bob Howard, *Rip Van Australia*, Cassell Australia, Stanmore, 1977, pp.77, 79 and 153

used to support policies such as the legalisation of illicit drugs and pornography, and laws against conscription. The Workers Party constitution, for example, promised: 'The repeal of all laws restricting or controlling the production, transportation, sale, possession or use of any food supplement or drug.'²³

This type of thinking was not common in the major right-wing parties, even among those who were becoming committed to the idea of a smaller state. Like mateship, anti-authoritarianism was an adaptable feature of the people's will. It could be reinterpreted or subsumed depending upon the policy. For members of the Liberal and Country Party, anti-authoritarianism could only be deployed against interventionist economic policy. The presence of moral and social conservatism within both parties forbade it from being used as a support for social policy.

Anti-authoritarianism is a theme that has been consistently utilised throughout past Australian-national-character rhetoric. The use of the Eureka Stockade as a defining moment for the Australian national character is indicative of this. Both the left and the right have focused upon the anti-authoritarianism exhibited by the insurgents. Likewise popular literature that sets out to describe the national character often focuses upon anti-authoritarianism as a major theme. Donald Horne claimed that 'Generally, authority is despised. Politicians and government officials are distrusted and police are often hated.'²⁴ In a slightly different take on Australian anti-authoritarianism, Craig McGregor wrote that 'the Australian suburbanite is probably freer from the stifling pressure of social authoritarianism than any other city dweller in history'.²⁵ The implication of references to anti-authoritarianism is that the Australian is only free to live in his or her natural state when he or she is free from oppressive direction and constraint. It is therefore an obvious choice for someone wanting to discredit a form of redistribution. Taxation and 'big government' become the ties that bind and prevent the Australian from reaching his or her 'natural state'. In the words of Malcolm Fraser:

²³ Workers Party, *Platform and Constitution*, Workers Party, Sydney, 1975

²⁴ Donald Horne, *The Lucky Country*, Penguin Books, Ringwood, 1964

²⁵ Craig McGregor, *People, Politics and Pop: Australians in the 60s*, Ure Smith, Sydney, 1968, cited in Tim Rowse, *Australian Liberalism and National Character*, Kibble Books, Melbourne, 1978, p.211

In our society, individuals will not tolerate and ought not to tolerate vast increases in government's right to direct how their incomes will be spent. The evidence for this is plain. If people were prepared to accept this changed distribution of resources they would not be making such vigorous claims to increase the real value of their take home income.²⁶

On many occasions, members of the Liberal Party were keen to present a particular kind of populist anti-authoritarian language themselves and to present this as a display of empathy with 'the people's' desires and aspirations. Many claimed that those deciding how money should be spent were not fit to do so. 'The people' possessed more 'common sense' than government. Therefore, government should return economic initiative to 'the people'. The Liberal member for Diamond Valley, Neil Brown, used words to this effect:

So often government decisions and legislation proceed on the assumption that all wisdom rests in the government and that the government can best determine what is good for the people, and particularly can determine the best way in which their money should be spent. That has always seemed to me to be a very strange assumption to make because in many cases those doing the directing and the regulating are not involved in what they are controlling and regulating and have had no experience of it at all.²⁷

In a similar vein, Malcolm Fraser told the Hobart Press Club that:

It will always be possible to point to problems where more government spending could help. What needs to be kept much more clearly in view than in the past is that people tend to know their own needs much more clearly than government ever can.²⁸

²⁶ Fraser, 'National Objectives', p.29

²⁷ Neil Brown, MP, *House of Representatives, Parliamentary Debates*, 8 March 1978, p.557

²⁸ Prime Minister's Address to the Hobart Press Club, 27 October 1976, Records of the Institute of Public Affairs, Noel Butlin Archives, N136/99

This language also tapped into the rhetorical construction of 'the people' as far more valuable thinkers than the authorities. 'The people' were presented as being 'grounded in reality' and therefore more capable of directing their own money than authorities could ever be. In light of such a fact 'the people' should therefore cease to regard government provision as natural.

As previously noted, anti-authoritarianism was an extremely malleable feature of the Australian national character. Anti-redistribution rhetoric could also be supported by the idea of a strong state and a 'national fervour', invariably spurred by government action. Rhetoric supporting work for low wages as a substitute for benefits often utilised this Australian 'authoritarian' concept. Conservative rhetoric within both the major right-wing parties tended to focus upon the need for a strong state to support a coming together of the 'national energies'. This meant that rather than allowing people to receive welfare benefits, the government should force them to work. This would get the country back on track and truly reflect the 'Australian way of life'. Alexander Mackenzie reflected this version of the Australian national character when he implied that Australians should regard themselves as employees of one big company.²⁹ In a similar call to the 'national energies', Liberal member for Bradfield, David Connolly, insisted that

If this country is to work itself out of the present extremely serious economic malaise we need the full cooperation of every Australian citizen at all levels of the Australian economy. That simply means that we cannot tolerate a rate of unemployment of 300 000 people. Every opportunity must be taken to ensure that figure is reduced by reasonable government action and ensure that those who remain unemployed are truly those who require the maximum degree of government assistance.³⁰

Unlike the Workers Party, most members of the Liberal and Country Parties encouraged the idea of a national community imbued with particular characteristics. They often termed this 'Australian society'. With the possible exception of the soon to

²⁹ Alexander Mackenzie, MP, *House of Representatives, Parliamentary Debates*, 9 March 1977, p.33

³⁰ David Connolly, MP, *House of Representatives, Parliamentary Debates*, 30 March 1976, p.1115

be termed 'dries', very few within the LCP saw total individualism as a desired or achievable goal. The Workers Party believed solely in the individual and denied the existence of anything resembling a 'nation'. In fact, its members claimed that the concept of 'the nation' was used to coerce individuals into doing what the state wanted them to do. The Liberal and Country Parties focused upon 'unwelcome' redistribution as an affront to the nation *and* the individual, and called upon all patriots to support the government's welfare reforms. Most of these calls to patriots identified undesired redistribution as a threat to Australian society. Alexander Mackenzie believed that a welfare 'disease' had entered Australian society and was slowly destroying it.³¹ While in 1975, Malcolm Fraser's famous 'National Objectives' speech claimed under a heading 'solution to crisis':

There is a tendency for governments because they have ready access to financial resources, to suggest that all problems can be solved by the expenditure of dollars. Such a government encourages the worst in society. It creates a selfish community. It promotes a cynical and evil philosophy which cannot be sustained, that will only lead to the destruction of the society which practices it. Governments must again learn how to say no.³²

Egalitarianism, anti-intellectualism and the new class of elites

All three parties exhibited strains of anti-elitism within this discourse. The Liberal and Country parties used the discursive tools of conservatism to hark back to the Australia of old and lament its loss in the face of growing 'new-class intellectualism'. This new-class intellectualism, it was said, denigrated the common sense and wisdom of ordinary Australians. The Workers Party, likewise, eschewed a 'new class' of powerful bureaucrats whose job it was to 'shuffle paper' and remove personal will from the individual. All three parties claimed that these intellectuals exhibited no real knowledge or expertise that could not be gained in 'the school of hard knocks'. Their 'expert' opinions were a mere reflection of 'elitism' and of Whitlam's overblown welfare state.

³¹ Alexander Mackenzie, MP, *House of Representatives, Parliamentary Debates*, 31 May 1979, p.2737

³² Fraser, 'National Objectives', p.30

In making these claims, the Workers Party and the two major right-wing parties reconstructed a version of the 'new-class discourse' described in previous chapters. Primarily stemming from the work of neo-conservatives such as Irving Kristol and Norman Podhoretz, the discourse spoke of 'the 'betrayal' of the national interest by university-educated elites with a liberal and cosmopolitan agenda' as Marian Sawer and Barry Hindess have pointed out in their 2004 book *Us and Them*.³³ It represented this new class of elites as contemptuous of 'average Australians' and of the 'common sense' that they possess. It also represented the 'new class' as having a vested career interest in the growth of government. This, it was claimed, led to the implementation of more and more 'outrageous' and inefficient social justice schemes. As I have already noted in the introduction to this thesis, new-class discourse is not generally regarded as having been present in 1970s Australia. An examination of the anti-redistribution rhetoric of these three Parties, however, reveals its early formation.³⁴

Like Kristol and Podhoretz the LCP drew upon conservative traditionalist discourses to claim that the national values had been eroded by the 'new class' and by welfare expansion. The two major right-wing parties claimed that in the good old days there had existed an Australia in which the common sense and endeavour of the average Australian was celebrated. This Australian society existed before the present one, though its time and exact location was never specified. At times it existed in the pioneer spirit that, according to Alexander Mackenzie of the National Country Party, was in desperate need of 'rekindling'; a mission that could be achieved through a realisation of our economic future:

We must realise in which direction our future lies, both strategically and economically, in the world. In my view, we need a confirmation of our national identity. We need a rekindling of the Australian spirit which has carried us through recession and prosperity[,] war and peace, conflict and consensus.³⁵

³³ Sawer and Hindess (eds), p.2

³⁴ Chapter 6 will examine its popularisation through the 1977 'tax revolt' campaign run by Rupert Murdoch's national daily newspaper *The Australian*.

³⁵ Alexander Mackenzie, MP, *House of Representatives, Parliamentary Debates*, 9 March 1977, p.33

Others claimed that it had existed in 'old fashioned ideas' of some period before the Whitlam Government, which had, through its focus on education and expansion of the bureaucracy, created a society that shunned the working class, the producers, and the average Australians. The Whitlam Government's policies had, according to the Liberal member for Evans John Abel, been 'aimed at changing the whole social attitude and the Australian way of life'.³⁶ Efforts to rediscover the Australian way of life would involve the reduction of 'handouts' and the 'elitism' they fostered.

An important part of this discourse lay in the claim that the new class had eroded the traditional Australian virtue of egalitarianism. The discourse claimed that the driving force of the 'class' was to gain more and more power over the ordinary Australian and to do so through its own expansion. Individual members of the class were regarded as 'rent seekers' who through providing more welfare schemes for a society ultimately opposed to them, ensured his or her own career advancement. They therefore consciously engaged in class division. Those who supported the current redistribution policies, including the Labor Party, welfare workers and welfare recipients themselves, were part of a 'social welfare establishment'.³⁷

The new class, it was said, has also modelled themselves as a cultural elite. They did not engage in the activities enjoyed by 'all other Aussies', believing instead their own pastimes superior to those of average Australians. According to John Singleton, for example, elites were known to 'sip sherry and have a sit down dinner with cultured conversation' whereas he, an average Australian, 'would rather have a beer and a barbeque...That's the way most Australians like it'.³⁸ By locating class within culture the Workers Party therefore encouraged an identification of individualism with egalitarianism. This virtue of the Australian national character, it was said, could not be found within redistribution. Redistribution advocates were themselves anti-egalitarian.

Liberal member for Eden-Monaro Murray Sainsbury claimed to support these 'maligned' Australians against the elitists:

³⁶ John Abel, MP, *House of Representatives, Parliamentary Debates*, 31 May 1977, p.2189

³⁷ Neil Brown, MP, *House of Representatives, Parliamentary Debates*, 8 March, 1978, p.559

³⁸ Elizabeth Riddell, '...Otherwise I wouldn't do these commercials', *Australian Men's Vogue*, May/June, 1977, pp.48-50

The class-conscious society was created to a great extent in recent years by the Whitlam Government. It believed that people were better if they earned more money or if they had a better formal education. I believe that the present Government is getting away from that and moving towards a day when Australians will be measured on the merits of how much they produce and how much they try and help other people in society.³⁹

This common discourse constructed the 'new class' of intelligentsia as the opposite of average Australians. The new class was neither productive nor in any way helpful to other people in society. They did not help the poor with their welfare schemes, which were mostly ill conceived and unnecessary. Their opinions could not be regarded as legitimate. John Sullivan of the Country Party asserted that in this the new class were at odds with the community and that 'as a community we still firmly support and encourage the work ethic, despite some of the attacks mounted on it by certain sections of the intelligentsia, sections probably more accurately described as the pseudo intelligentsia.'⁴⁰ In contrast, 'common sense' existed outside of government and bureaucracy. It could not be gained in educational facilities.

This discourse of anti-intellectualism stems back much further than its use within an anti-redistribution frame. Both the left and the right have claimed anti-intellectualism as an inherent part of the Australian National Character. Donald Horne's *Lucky Country*, the best-known 'examination' of the Australian National Character, claims that 'it has been the Australian style to deny the intellect' and '[t]he demand for mindlessness can be so pervasive that able men deliberately stumble around with the rest lest they appear too clever, and therefore too 'impractical'.⁴¹ Horne, a right-wing Andersonian and frequent writer for *Quadrant*, was in the 1960s one of the main proponents of 'new-class' discourse in its pre-New-Right form. His attacks on university-based intellectuals in the 1960s were a harbinger of the 1970s and the

³⁹ Murray Sainsbury, MP, *House of Representatives, Parliamentary Debates*, 24 August, 1977, p.605

⁴⁰ John Sullivan, MP, *House of Representatives, Parliamentary Debates*, 31 March, 1976, p.1191

⁴¹ Horne, p.215 and 47

discrediting of university-educated 'elites'. In *The Lucky Country* Horne for example claims:

Some academics consort with businessmen and some with politicians or government officials, but the attitudes of most to practical affairs reveal the frustrations of the social fragmentation so strong in Australia. Often the academics' discussion on public affairs is no better informed than anyone else's: where it is better informed, as with economists, it is sometimes not thought out thoroughly enough to be intelligible to an educated audience. There is a very strong sense of difference, and of moral superiority.⁴²

In the following decade, New Right anti-redistribution discourse lamented the expansion of university-educated elites, along with their impracticality, illegitimate moral superiority and false knowledge, into the welfare state. No longer did Australia's intellectuals look down on 'average Australians' from their ivory towers within Universities, their shift to the public service meant that they now interfered in the lives of average Australians from whom they were so far removed. In their calls to wind back the welfare state, all three parties were keen to place themselves in opposition to these 'intellectual elites'.

The Workers Party often stressed its disregard for the new class by emphasising the lack of education among its own ranks. Singleton recalled for reporters stories of his failures at university. Among these stories was one in which he failed the advertising section of his economics paper. These stories enabled Singleton to disassociate himself from his university degree while simultaneously discrediting the expert knowledge of university intellectuals; they did not possess the common sense that he did. That was why he failed within the institution and they succeeded. Instead Singleton claimed that the average Australian, through experience in the world, knew more than the cloistered intellectual. 'I realised how irrelevant [university] was. I think you can learn more about anything by doing things. The old apprenticeship

⁴² Ibid., p.207

system.’⁴³ Singleton also claimed to have not read any books, except for Ayn Rand.⁴⁴ As the public face of the party, Singleton’s education in ‘the world’ superseded the formal educations of its other influential members such as its President Dr John Whiting, its co-founder engineer Bob Howard (who, according to the blurb on the back of *Rip Van Australia*, did half a PhD before deciding ‘there were better things to do’) and its major researcher, ANU-educated economist Mark Tier. The views of the party could be presented as having arisen from ‘common sense’ alone.

Ultimately attempts to popularise libertarianism and infuse it with the ‘Australian National Character’ meant that the Workers Party had to reconstruct as ‘anti-intellectualism’ a philosophy that had been regarded as peripheral intellectualism in its Andersonian days. Singleton believed in anti-intellectualism as a marketing strategy. A protégé within the advertising industry claimed that one of the most important lessons he had learnt from Singleton was ‘never to write cleverly because most people aren’t clever and everyone is wary of clever people anyway’.⁴⁵

Strategies employed by the Liberal and Country parties differed from the Workers Party. The two major right-wing parties did not claim to lack formal education but to defend the interests of those that did against the elite. Instead they put forward their own ‘experts’, trained within the ‘rational’ sciences such as economics, to discredit the ‘soft’ intellectuals within the welfare sector. International economists such as Milton Friedman and Friedrich Hayek were evoked as rational thinkers more in tune with the lived experience of average Australians. The use of Friedman as ‘expert’ increased after his visit to Australia in 1975 and seemed confirmed by his receipt of the Nobel Prize for Economics in 1976. Friedman’s expert opinions were referred to as ‘proved in this country’ through the ‘bitter fact of experience’.⁴⁶ Other ‘experts’ existed within Australian New Right economic think tanks such as the IPA and the CIS, and within the ACCA, an organisation whose laissez-faire social Darwinism had existed even during the height of Keynesianism.⁴⁷ These people all existed outside of the government sector and could therefore be constructed as ‘separate’ from new-

⁴³ Craig, p.43

⁴⁴ Ibid.

⁴⁵ Wayne Garland, ‘Wayne Garland on John Singleton on Advertising’, *Quadrant*, October 1976, p.27

⁴⁶ Murray Sainsbury, *House of Representatives, Parliamentary Debates*, 29 April 1981, p.1704

⁴⁷ See chapter two for a fuller examination of the ACCA and its economic and social philosophy.

class intellectuals. More so, their place within the 'real world' (the market) meant that they could not be regarded as 'rent seekers'. Their ideological position could therefore be presented as based on 'real fact'. The Liberal and Country Parties therefore manoeuvred their discourse to claim that Australians were not inherently anti-intellectual. In fact the common sense possessed by average Australians led them to accept legitimate intellectuals and disregarded others.

Another charge levelled against the 'new class' of elites was that they did not support the values of average Australians. It was claimed that the new class rejected the traditional Australian family and contributed to the breakdown of family values through the implementation of welfare schemes.⁴⁸ As noted in previous chapters, rhetorical links between welfare and family breakdown had been popularised in America by neo-conservative sociologist and assistant-secretary to the Department of Labor, Daniel P Moynihan.⁴⁹ Moynihan's book *The Negro Family: The Case for National Action* claimed that an expansion of welfare had resulted in an abandonment of the traditional family structure among black Americans. Nostalgia for an Australia of old where breadwinners 'had a responsibility to their families' and 'liked to leave their families well catered for' informed much of the conservative anti-redistribution discourse of the government.⁵⁰ In the new Australia, ruled by the new class, Australian families were no longer revered. Single parent benefits, in particular, were blamed for a rise in the rate of divorce, especially among Indigenous families.⁵¹ By contributing to a breakdown of family values, the new class could also be blamed for undermining the goal of assimilation and for enhancing division within society.

Despite its nature as a radical organisation, the Workers Party also invoked a discourse of traditional family structure to support its anti-redistribution agenda. This discourse was far less successful. Rather than constructing an 'Australia of old' through which Australians could interpret their own lived experience of the past, the Workers Party called for a return to the family structure of 'village society' in which

⁴⁸ See for example Alexander MacKenzie, MP, *House of Representatives, Parliamentary Debates*, 9 March, 1977, p.31

⁴⁹ Daniel Patrick Moynihan, *The Negro Family: The Case for National Action*, US Dept of Labor, Office of the Assistant Secretary for Policy, viewed 5 September 2004, www.dol.gov/asp/programs/history/webid-meynihan.htm

⁵⁰ Senator Shirley Walters, *Senate Debates*, 16 March 1977, p.204

⁵¹ Anon., 'Welfare system pay flaws ruin blacks', *The Australian*, 1 December, 1975, p.3

those with no earning capacity would be looked after by friends and family (combined with some private welfare insurance) and all others would fend for themselves.⁵² This must have seemed a frightening prospect. While conservatives within the Liberal and Country Parties constructed their anti-redistribution agenda as belonging to an Australia that everyone knew and loved, the Workers Party harked back to a traditional family structure of centuries past. Australians could not identify with this version of the family nor were they asked to.

Instead of promoting Australian values such as the family, it was claimed that the elites used their position to 'whinge' about Australia and to promote 'trendy' and 'fleeting' causes. In making this claim, the Fraser Government and the Workers Party employed an early version of the discourse of 'political correctness'.⁵³ One Workers Party badge, designed to mock the social justice claims of the left read: 'Keep land rights for gay unemployed whales in the ground'. An advertisement for the badge suggested: 'when you become bored with the issues involved, turn the button over and use it for a mini-pavlova or pizza tray'.⁵⁴ In Malcolm Fraser's 'Electorate Talk' of 1978, 'average Australians' and their free enterprise values were contrasted with those who promote the 'politics of despair'.

Mr Hayden is advocating the progressive destruction of free enterprise in this country—death by inches for the Australian economy. They are sad and sorry policies, out of touch with Australian aspirations—out of touch with reality. They demonstrate again—in the starkest terms—that Labor no longer represents the working men and women of this nation... The knockers and whingers will be left lamenting...

⁵² Singleton with Howard, p.272

⁵³ Discourses that identify 'political correctness' as an 'elite' value have been identified as a product of Hansonism and the Howard era: See for example, Pal Ahluwalia and Greg McCarthy, "'Political Correctness': Pauline Hanson and the Construction of Australian Identity", *Australian Journal of Public Administration*, vol 57, no3, September 1998, pp.79-85; C Greenfield and P Williams "'Howardism" and the Media Rhetoric of "Battlers" Vs "Elites"', *Southern Review*, vol 34, no 1, 2001, pp.32-44

⁵⁴ 'Advertisement: Keep Land Rights for Gay Unemployed Whales in the Ground', *Workers Party Bulletin (Adelaide)*, no 24, Dec 1979

Australians have demonstrated very plainly that they reject the politics of despair and discontent.⁵⁵

Average Australians as workers

As well as defining what 'the people' and 'Australian society' wanted, it was common within this rhetoric to define 'the people' themselves. By defining 'average Australians' in a way that separated them from 'undesirable' welfare recipients, such as 'dole bludgers', anti-redistribution rhetoric could essentially deem the latter 'unAustralian'. Within all three parties, anti-redistribution advocates set about to define the Australian as 'worker' in opposition to an unAustralian 'non-worker'.

Almost all Australian-national-character rhetoric places work at the centre of Australian life. The work-centric Australian national character has wide appeal because it glorifies and gives legitimacy to economic struggle. Part of its strength lay in the fact that it is under-defined, however one defining feature within anti-redistribution rhetoric is the presence of a wage. It is therefore the breadwinner-worker that is most often conjured, while women working within the home are subsumed as part of the worker's family. When used by the right, the work-centric Australian does not possess features such as being the subject of exploitation by employers. Rather, he or she possesses a number of other characteristics. Those with a claim to be Australian workers do not accept what is not earned. They 'struggle in the face of adversity' and overcome obstacles by individual effort.

All workers, accordingly, are regarded as 'nation builders'. Left-wing radical nationalists have supported this rhetoric by applying it to the outback itinerant-worker and the convict, primarily to show that the real 'nation builder' is the working class, with whom their employers share none of the glory. The work-centric Australian national character is therefore firmly entrenched within the rhetoric of the Left and the Right, but is defined rather differently depending upon the economic agenda of the advocate. Either way, the prevalence of the work-centric Australian national character

⁵⁵ Malcolm Fraser, *Electorate Talk*, 19 November 1978, media release, Records of the IPA, Major Speeches and Statements, Noel Butlin Archives Centre, N136/100

places the 'non-worker' on the outside and provides the perfect vehicle for anti-redistribution claims.⁵⁶

According to John Singleton, all average Australians were workers and all workers were average Australians. The two could not be separated. The Workers Party's very name therefore suggests a desire to claim the party as the true representative of the Australian people. Singleton claimed that the name had been chosen for this reason. The party, he said, wanted to attract 'the Australian people' to the libertarian cause and to sever all ties between the worker and 'Socialist Marxist ideologies' such as the welfare state.⁵⁷

The Workers Party put a great deal of effort into defining the average Australian worker. Election pamphlets claimed that workers consisted of:

Men and women who want to provide for themselves and their families with their own efforts, people who want to stand on their own two feet and keep their self-respect, men and women who want to work a little harder to get ahead, [and] people who want to save for security in the future.⁵⁸

The party actively excluded anyone on welfare from membership of average Australia. 'Average Australian workers' were told that welfare recipients had been elevated to the position of first-class citizens under the Labor Party's economic policies. Workers were referred to as 'underdogs' and were told that they had been sidelined in favour of 'a few unfortunates'.⁵⁹ According to the Workers Party, average Australians did not need the welfare state. They possessed a national character in which hard work played a central role. By their very nature, workers were more than capable of looking after their own affairs. In April of 1975, John Singleton told the readers of *Woman's Day*:

⁵⁶ John Docker, *In a Critical Condition: Reading Australian Literature*, Penguin Books, Ringwood, 1984, p.15

⁵⁷ Anon., 'Why Call it the Workers Party?', *Workers Party Bulletin (SA)*, no. 10, February, 1977; 'Workers Party Application for Membership' in *Workers Party Economic Policy Statement*

⁵⁸ 'Give the Good Guys a Break Vote 1 Hugh Frazer Workers Party', Hills By-Election October 1976, Records of the Workers Party (Australia), National Library Archives, MS9818/6

⁵⁹ *Ibid.*

If people were all dumb, bone-lazy, selfish, and had no ability to think for themselves you'd need this all-powerful state. But if you believe, as I do, that people are clever, hard-working, good guys, you don't need it at all.⁶⁰

Anyone claiming otherwise was a 'non-worker'.

In addition to defining 'the people' as workers, members of the party were anxious to prove that *they* were also 'average Australian workers'. Despite the party consisting of more than its fair share of millionaires, a fact pointed to frequently in the print media, a redefinition of the term 'worker' made this claim possible. Election material often carried the slogan 'we are the honest workers of Australia'.⁶¹ Under the new definition the name could be applied to 'those who really do work'. The full list of those specified ran: employees, managers, executives, and business owners. According to the party these people 'are *equally* all workers whose interests are common and inseparable' [emphasis added].⁶² Those interests were: less tax, less government and more freedom.

Members of the Liberal Party, on the other hand, focused upon the blue-collar worker as the embodiment of the Australian national character and as the victim of redistribution. The party made no visible attempt to integrate business elites into the category of 'worker'. Rather than claiming that workers and managers were essentially the same, the Liberal Party claimed that employers, for different reasons, shared the workers' concerns about redistribution. Wealthy figures, such as those specifically identified as 'workers' by the Workers Party, disappeared from view. The battle, Australians were told, was one being fought between 'average Australian workers' and 'welfare bludgers'.

'Average Australian workers' were presented as the instigators of calls to curb redistribution. Bruce Lloyd of the Country Party claimed that:

⁶⁰ Craig, p.48

⁶¹ 'Vote 1 Barry Bracken, The Workers Party for Mackellar', Federal Election December 1975, Records of the Workers Party (Australia), National Library of Australia, MS9818/2

⁶² 'Why Call it the Workers Party', February 1977

Most of the complaints, in my area at least, come from the ordinary working person. He is fed up because after he finishes his day's work and goes down to the pub at night, he finds somebody who has a spurious welfare claim and has been at the pub all day. It may be that the person abusing the system is the next-door neighbour such as a defacto claiming benefits incorrectly. It may be a person who is claiming unemployment benefit while he is working or it may be a person who is claiming multiple benefits. These ordinary people are wild because it is their taxes that are being squandered.⁶³

While using similar rhetorical devices to the Workers Party, the LCP were doing something quite different. They were claiming to *represent* the average working man without claiming to *be* him. This made their rhetoric somewhat more convincing but also removed the emphasis from what the *party* wanted and placed it entirely upon 'the will of the people'.

In addition to the claim that they were the true representatives of working Australians, the LCP focused a great deal of attention upon discrediting the Labor Party's claim to this title. Like the Workers Party, the LCP made claims that the 'average Australian worker' had been relegated to the bottom rung of society. Under the Labor Party's redistribution schemes, it was claimed that welfare recipients themselves formed part of 'the elite'. Alongside them were those who registered their opposition to the views and agendas of average Australians and their parliamentary representatives. This meant anyone who supported the current income redistribution policies.

The inclusion of the unemployed among the 'elite' is based almost entirely upon their ability to engage in leisure. For this reason, the unemployed were often referred to as the 'leisure class'. Essentially, by placing this new leisure class next to the work-centric Australian, the LCP were emphasising the lack of national character among welfare recipients and thus reinforcing the claim that workers were the true owners of national character. What seems difficult to reconcile here is the fact that leisure is, and

⁶³ Bruce Lloyd, MP, *House of Representatives, Parliamentary Debates*, 31 May 1979, p.2743

has always been, variously regarded as an essential part of the national character. Russel Ward for example has defined the 'typical Australian' as a man who 'though capable of great exertion in an emergency, normally feels no impulse to work hard without a good cause'.⁶⁴ Donald Horne gave this impression in his bestselling book *The Lucky Country* when he claimed 'on an Australian beach on a hot summer day people doze in the sun or shoot the breakers like Hawaiian princes on pre-missionary Waikiki'.⁶⁵ In another passage, Horne declares that Australians are the best in the world at cutting down hours of work and increasing holidays, and that they are largely inimical to the desire for excellence. In fact, the typical Australian, as he or she is presented in most popular literature, favours lifestyle over hard work.⁶⁶

What makes an anti-leisure rhetoric work, however, is the fact that *unearned* leisure has always been seen as an affront to the worker. This is especially true when one considers representations of the economic elite as a leisure class who gain unearned leisure at the expense of the labourer. In LCP anti-redistribution rhetoric the economic elite was removed from scrutiny. By denouncing unearned leisure among welfare recipients, the coalition was able to use a familiar rhetorical device while changing the actors to fit its own economic programme.

The use of an anti-leisure rhetoric also provided another chance for the Coalition to reassert its position as the representatives of the workers. By supporting a 'leisure elite', the Labor Party had abandoned its support for the average Australian worker. In March 1976, Senator Kathryn Martin made this claim:

As I recall my history and political science lessons, one of the bases of the Labor movement was an objection to the fact that the leisure class of times gone by was the wealthy class and that those who were born wealthy or who had acquired wealth along the way at the expense of the aforementioned worker in fact could indulge in leisure. We seem to have had the contrary thesis given to us now. Whereas before there was an objection to the idea of the nobility or wealthy class being a

⁶⁴ Ward, pp.1-2

⁶⁵ Horne, p.21

⁶⁶ Ibid, p.220

leisured class, it is being proposed now that there is nothing wrong with money being given to people as a means of subsistence, nothing at all wrong with whether they make any sort of contribution or are absolute parasites in society, as long as they are not noble or well-bred.... Those same charges can be made now against the sort of person who will sit down and say: 'No I don't want to work. I don't want to contribute to society, however, I want society to keep me'.⁶⁷

The Workers Party underestimated the importance of this rhetoric and failed to reinterpret the worker/leisure-class dichotomy. Instead, they aimed to convince voters that leisure and luxury were signs of independence, a quality possessed by all true Australian workers. Therefore, anyone seen to be indulging in a lavish lifestyle could be regarded as even more Australian than those who did not. John Singleton cited himself and Lang Hancock as perfect examples of his point. By focusing upon the wealthy as the embodiment of the average Australian worker, Singleton provided a radical redefinition of the 'average Australian' and 'worker', one that was perhaps too radical for his audience.⁶⁸

By over-defining the term, the party also left itself open to criticism from sections of the media. Those who believed that the party was faking its Australianisms in order to attract votes from 'battlers', used the inclusion of millionaires and entrepreneurs under the label 'average Australia' to discredit the party. *The National Times* in particular, printed stories characterising the party as elite and by all definitions an affront to the 'average Australian worker'. When describing a meeting of party members, the newspaper's reporter, Glennys Bell, wrote:

A safari-suited Dr Yuile was there. Several elegantly goateed men were there. One even proffered a definition of the Workers Party person: 'I don't think there is anyone here who doesn't belong to the entrepreneurial class, one way or the other' thus establishing a new class line in the egalitarian Australian society... The women were lissom, chic and well groomed. The men were peripheral O'Connell

⁶⁷ Senator Kathryn Martin, *Senate Debates*, 18 March 1976, p.637

⁶⁸ Johnson; Craig

Street country. There was a cerebral sprinkling of economist types and trendy academics... It was a ritzy group, a sort of rack-of-lamb and riesling equivalent of the barbeque-and-burgundy Australia Party set.⁶⁹

The Sydney Morning Herald took a similar line when interviewing Workers Party candidate and polo champion Sinclair Hill:

Although Sinclair Hill constantly claims to be 'just a farmer', he is perfectly at home in a cocktail setting, having once entertained the Duke of Edinburgh at his family's 150,000-acre property at Willow Tree.⁷⁰

Likewise, *Woman's Day* refused to describe the party members as 'workers' instead referring to them as 'new young trendy elites'.⁷¹ Lenore Nicklin of *The Sydney Morning Herald* suggested the party might better be termed 'The Bosses Party'.⁷²

Conclusion

The Australian national character and the people's will appeared in many different guises during the redistribution debates of the mid-to-late-1970s. While some aspects of existing national-character rhetoric were adopted with slight variation, others were turned inside out to match the redistribution policies of the advocate. The 'will of the people', which ultimately rested upon the natural impulses of the Australian character, was applied likewise. In the process, new discursive cleavages were constructed between 'average Australian workers' and unAustralian welfare recipients. Not all of these discursive cleavages were successful.

By concentrating a great deal of effort upon defining the worker and the average Australian, the Workers Party came unstuck. It deviated too far from Australian national character mythologies that were already in play in order to fully accommodate its redistribution agenda. By explicitly including millionaires among

⁶⁹ Glenys Bell, 'The New Politics: Workers versus Wobblies for the thinkers' votes', *The National Times*, 24 February–March 1, 1975, pp.3, 18

⁷⁰ Selwyn Parker, 'Giving a Chukka to the Workers Party', *Sydney Morning Herald*, 11 December, 1975, p.7

⁷¹ Craig

⁷² Nicklin, 'Introducing the new Workers Party'

'average Australians', the party alienated those who felt different, or opposed, to economic elites. By claiming that lavish lifestyle represented the true Australian spirit of independence, the party failed in its efforts to attach an agenda to those who saw their lives as an economic struggle.

The LCP, in providing a vague and under-defined 'average Australian' could present a far more acceptable version of the national character. This meant that members of the Coalition forged a more convincing link between their audience and their redistribution agendas. While almost anyone could identify with the 'average Australian' employed by members of the Coalition, the under-defined nature of the concept meant that there was very little chance of bumping into one's enemies within the category. One's enemies were on the outside, in the form of undeserving welfare recipients.

The following chapter will examine the 'Australianisation' of New Right anti-redistribution discourse within the popular media. It will seek to identify the methods by which media texts articulated the real, lived experience of their Australian audience within a New Right anti-redistribution frame, while at the same time incorporating the ideologies and agendas of proprietors, editors and journalists. In addition to the current chapter, it will further explore the construction of 'new-class' discourse, and its 'nationalisation', as part of the anti-redistribution frame of the 1970s. As the major purveyors of New Right discourse in Australia, an examination of the role of the media is vital to our understanding of how the New Right project was 'nationalised'.

5

Print media and the adoption of New Right frames

This chapter will examine the use of 'dole-bludger' discourse and 'new-class' discourse within Australian newspapers. It will argue that these discourses supported varying agendas of media actors as well as broader New Right agendas. The media's role extended beyond mere dissemination. Media texts naturalised these discourses within a popular sphere, and, like the discourses constructed by the Workers Party and the other major right-wing parties examined in the previous chapter, they helped to 'Australianise' what was ultimately an international hegemonic project. The media played a vital role in the articulation of New Right discourses outside of a narrow economic policy sphere. It further bound readers to the goals of the New Right by using this discourse while enforcing its role as political 'watchdog' and 'crusader of the people', and by paying attention to 'real stories' of 'one man's struggle to pay tax', 'dole dollies living in shared luxury', 'hundreds of jobs but no takers'. By constructing 'real life' using a New Right discursive frame and articulating the economic constraints felt by wage earners within this frame, the media bound the real lived experience of the economically disadvantaged to New Right economic agendas.

The Australian media was a major purveyor of New Right discourse during the period under examination. With talk back radio only really gaining prominence after the deregulation of Australian radio through the Broadcasting Act of 1992, the press was at this time the likely source of political information for most Australians.¹ Its role as an independent capitalist industry dealing in discourse places it in a position unlike the business organisations and New Right think tanks referred to in Chapters 1 and 2. While these organisations acted to bring about a major shift to New Right welfare ideology, the media constructed New Right welfare discourse either as 'good copy' or as a means of supporting other campaigns, such as the campaign to remove Whitlam,

¹ Graeme Turner, 'The power of talk', Brisbane Institute, viewed 21 May 2006, http://www.brisinst.org.au/resources/brisbane_institute_turner_talk.html

examined in this chapter, or the campaign to stop the Value Added Tax (VAT), the subject of Chapter 6. While certain members of the media, such as Peter Samuel of *The Bulletin*, can be linked to New Right networks, it is impossible to link anonymous articles to New Right figures. It is important to note that New Right figures were given a great deal of space to air their views in the press, especially after 1974, but it is also important to note that media discourses are contradictory. They incorporate a desire to appeal to a particular audience in order to maintain or boost sales. They also include the ideologies of proprietors, editors, and journalists which are often negotiated within the parameters set by proprietors and audiences regarding 'what sells' and what the proprietor wishes to sell. Intention, therefore often lies outside of the New Right hegemonic project while at the same time firmly supporting it.

On another level, this chapter will argue that the dole bludger only really started to appear in the press during the recession of 1974. This is contrary to Alan Law's argument that the dole bludger existed in characterisations of 'alternative lifestylers' in the early 1970s; a phenomenon which, he argues, worked to discipline claimants and through them society.² This chapter will show that the term 'bludger', as a description of an unemployment benefit recipient, was used for the first time in 1974. Its appearance contributes to the development of the New Right hegemonic project in its early stages in Australia. Likewise this chapter will also argue for the inclusion of another discursive construct within this period. The new class: a fundamental discourse of the New Right in recent decades appeared in Australia in 1974 and intermittently in media dole-bludger discourses following this.

For this chapter I relied upon the only index of newspaper reports available for the period, the *Sydney Morning Herald* index. Using the search terms 'unemployment', 'unemployed', 'welfare' and 'dole' as well as 'tax' and 'taxation', I found the articles referred to in the index and then used the date on which the article appeared to run a microfilm search of three Murdoch papers: *The Australian*, *The Daily Telegraph* including the *Sunday Telegraph*, and the *Daily Mirror*; three other Fairfax papers: *The Age*, *The Canberra Times*, and the *Sydney Morning Herald* including the *Sun Herald*;

² Law's argument is examined further in the Introduction to this thesis.

and three Herald and Weekly Times (HWT) newspapers: *The Herald*, the *Courier Mail*, and the *Adelaide Advertiser*.

1972–1974: Pre-New Right media discourses

In 1972, welfare received very little publicity. When welfare news did appear, stories of unemployment and the unemployed took the shape of human-interest stories. They focused mainly upon the clothing, drug habits and perceived anti-social behaviour of the unemployed. Rarely was a connection drawn between the government and the unemployed. Mostly, unemployment was seen as a lifestyle choice, and apart from concerns for the character and future of the 'deviants' and 'for the future of Australia' the stories could be described as light entertainment. Of the few stories that did appear before 1974, not all were unsympathetic. In 1971 a *Sydney Morning Herald* story told of the plight of unemployed PhD graduates whose hopes and dreams had been unhinged by the employment market. Bearing the usual 'wake up call' for academics and placing the blame upon an out-of-touch university system, the article feared for the character and future of the academic misfits. Although it spanned five columns, it did not once mention the graduate's means of support.³

One year later, in October 1972, an article appeared in the Fairfax press claiming that the New Zealand Government had decided to 'crack down' on 'drifters and job dodgers' who had been the cause of complaints from coastal residents. These people apparently frequented beach resorts and were rumoured to be living on 'state aid'. Although the means of support was mentioned, and only briefly, the rhetoric was clearly different from post-1974 rhetoric. 'Taxpayers' were never linked to the payment of benefit. Readers were encouraged to view the state in competition with the 'undeserving poor'. It was 'the state', in this case, that had been duped.⁴

The following day the Murdoch press ran the story, providing the views of the Liberal New South Wales Premier, Sir Robert Askin. Askin, in much the same language as had been exhibited the previous day, claimed that Australia had its fair share of 'job dodgers and drifters' and that the ALP, by making unemployment an election issue, was doomed to failure. The *Daily Telegraph's* spin on the story was that 'genuine

³ Christopher Dawson, 'The intellectual unemployed', *Sydney Morning Herald*, 8 Nov 1971, p.6

⁴ 'NZ net out for job dodger', *Sydney Morning Herald*, 17 October 1972, p.7

unemployment' was not on the rise, rather, drop-outs who did not want to work were swelling the ranks of the unemployed and providing an unrealistically inflated unemployment figure.⁵ All in all, very little attention was given to the provision of the dole or to the act of 'bludging' on it. Mostly, the character and activity of the claimant came under scrutiny with the occasional reference to his or her propensity to make the government of the day look bad.

Again, in the lead up to 1974, it was common to find a sympathetic voice among the few who bothered to speak about the unemployed. In response to the previous day's articles, a *Sydney Morning Herald* editorial chastised 'the press' and members of the government for its attitude towards job seekers. The editorial's view was that the economy, not the individual character of the claimant was to blame.

The argument that those out of work don't really want to work has always had a strong appeal to those comfortably ensconced in jobs. Before the debate in this country takes off on such ludicrous grounds the issue should be put into perspective... Once the Government can argue that those out of work are not unemployed but lazy then the pressure to correct the economic situation leading to the unemployment and the pressure to lift the present pitifully low level of unemployment benefit is removed... To argue that none but the lazy are out of work because there are job vacancies advertised is ignorant nonsense.⁶

Despite the clear difference of opinion, the editorial's focus upon debates about the *character* of the claimant reflects the nature of the pre-1974 discourse. It had not yet become a debate about the provision of welfare benefits to the unemployed or about the claimant's predilection to 'bludge' on benefits. The government's responsibility in this matter was not questioned.

⁵ 'Action on job dodgers urged', *The Australian*, 18 October 1972, p.2, and 'Warning on drop-outs', *The Daily Telegraph*, 18 October 1972, p.5

⁶ Editorial, 'On the dole', *Sydney Morning Herald*, 19 October 1972, p.6

What was questioned was the relationship between 'the people' and the unemployed. Though, in contrast to the post-1974 period, this relationship was depicted as a personal and not an economic one. The precariousness of this relationship, particularly within the coastal towns where 'drop-outs' apparently chose to live, intrigued the press more than any other story to do with unemployment. Mostly the existence of 'hippie and surfer colonies' amid towns of hard-working locals was treated as an affront to the values of the locals, a law and order issue, or as a curiosity, played out in an 'odd couple' human-interest story. For the most part it was reported that the relationship was quite amiable and that both sides 'kept to themselves'.⁷

Law and order issue stories were the most negative. The HWT group favoured these stories over others.⁸ Reports such as 'Idle surfies get a "push"' told of 'groups of surfers' descending upon coastal towns, only to be 'tracked' and run out of town by the police. The tone of the story implied that the towns had been under threat from deviant mobs and that the police were the heroes of the story. One of the major themes of the story was the fact that the surfies had chosen, voluntarily, to draw unemployment benefits in order to continue their 'alternative lifestyles'. One surfer claimed that if they did not receive these benefits they would be forced to start stealing. Although their existence on unemployment benefits was mentioned, it was never suggested that the benefits should be stopped. Rather, the mention of benefits went toward the claim that the surfers were dangerous deviants who were prepared to live on minuscule amounts of money in order to avoid work.⁹

The popularity of these 'character based' stories became obvious. Follow-up reports such as "'Ambition is the root of all evil" New breed of unemployed', which appeared in the HWT Adelaide *Advertiser* read like an exposé of the inner workings of an

⁷ See for example 'Idle surfies get a "push": Find work or leave, police say', *The Herald*, 6 November, 1972, p.3

⁸ The Herald and Weekly Times Ltd. Group owners for this period are very difficult to identify. The top shareholders in descending order include John Fairfax and Sons (14.9 per cent), Advertiser Newspapers Ltd, Queensland Newspapers Pty Ltd., Telegraph Newspaper Co Pty Ltd, WAN Nominees Pty Ltd, Herald Employees Association, Queensland Press Ltd. The Directors include the chairman of Carlton and United Breweries and Electrolytic Zinc, Sir Edward Cohen. All of the nine directors hold joint directorships of other major companies, most commonly, Associated Pulp and Paper Mills and Tasman Pulp and Paper. The company own 16 metropolitan dailies, 19 Country Newspapers, three television stations: HSV-7 (Melbourne), BTQ-7 (Brisbane) and ADS-7 (Adelaide), and 16 radio stations spread across the country.

⁹ 'Idle surfies get a "push"'. The Fairfax press ran a similar but smaller version of this story, see 'Surfers who have no job told to move on', *Canberra Times*, 7 November 1972, p.9

unemployed person's mind. These stories gave the creative journalist an opportunity to showcase his or her most flamboyant language.

"A job", echoed the young man incredulously. "A steady nine-to-fiver? It's death man without the dignity."... "Working is a real drag", said the young man. He had long, straggly hair, T-shirt, dirty jeans, worn-out boots...¹⁰

Even amid such negative character stories there was a note of sympathy, a sense that the recession of 1971–72, which had seen unemployment peak at mild 2.1 per cent in comparison to the 1974–75 recession high of 5.4 per cent in November 1975, had turned the youth of Australia into a hopeless and helpless lot.¹¹ Although they had ultimately chosen to be this way, the story claimed, they had very little option. Again the writer expressed astonishment at the unemployed person's ability and willingness to live on such a pittance as was provided by the government. Questions about the right to receive this pittance were absent.¹²

On 2 December 1972 the Labor Party, led by Gough Whitlam, was returned to government after 23 years in opposition. In the space of a few months, the new Minister for Social Security began carrying out reforms of a nature so shocking to the department itself that many, initially, refused to enact them. Bill Hayden, a self-described 'democratic socialist' at this time, saw the old policies as archaic and unnecessarily punitive.¹³ Policies regarding the appearance of the unemployment benefit claimant were removed. The new procedure manual stated that 'employers do not have the right to determine under penalty of denied unemployment benefit – acceptable dress and appearance in a free, tolerant social democracy'.¹⁴ In addition beneficiaries were no longer required to present a list of employers contacted in the

¹⁰ John Miles, "Ambition is the root of all evil". New breed of unemployed', *Advertiser*, 8 November 1972, p.5

¹¹ Parliamentary Research Service, *Research Note*, no 31, 9 May 1995, Department of the Parliamentary Library

¹² Miles, "Ambition is the root of all evil"

¹³ Bill Hayden, *Hayden, an Autobiography*, Angus & Robertson, Pymble, 1996, p.198

¹⁴ Unemployment Benefit Procedure Manual, 1973, cited in Law, pp.206–7. Chapters 7 and 8 provide more detail on the Hayden reforms.

search for work, nor were they required to accept employment of a nature not congruent with their usual line of work.¹⁵

It would be easy to see these Social Security reforms as the catalyst for dole-bludger discourse. Alan Law, in his PhD thesis 'Idlers, Loafers and Layabouts', for example attributes the rise of the 'dole bludger' to the dislocation of labour norms experienced after the reforms. This argument, however, does not hold much weight. The negative press reports following the 1973 reforms resembled those of the pre-Labor period. Very little was said about the provision of benefits for the unemployed. The fact that the government would provide and go on providing welfare, was taken as a given. The only difference was that now the government was viewed as responsible for encouraging the deviant behaviour of the unemployed person and in doing so, causing grief for employers and hard-working citizens alike.

Stories about the new rules regarding appearance often exhibited an unusual mix of support and outrage. It is probable that many young journalists supported the move due to their own choice in clothing and hairstyles, but that editors took a more conservative line. Therefore it was often the case that positive stories that focused upon the 'rights of the unemployed' to dress as they pleased, also carried titles such as 'Hairy jobless can get dole'.¹⁶ Many articles exhibited fears that the unemployed would simply refuse to work, since clearly, they had been given the opportunity to do so. The labour market situation in 1972 and 1973 also gave workers the opportunity to refuse jobs and to demand higher wages, or to move on when these were not forthcoming. In 1972 unemployment peaked at 2.1 per cent and declined to between 1.4 and 1.5 per cent in mid-1973. Advertised vacancies increased during this period. The conjunction of low unemployment and a high level of vacancies made this an ideal period in which workers and the unemployed could bargain with employers.¹⁷ In light of this, stories about the plight of employers who 'could not get labour' began to appear frequently alongside stories of 'alternative lifestylers' who chose to live on the dole.

¹⁵ Ibid.

¹⁶ See for example 'Social welfare rulings can be disputed', *The Australian*, 19 January 1973, p.2

¹⁷ Hughes, 'The Economy', p.15

Again, these were not stories or juxtapositions intended to raise the ire of the taxpayer. They were stories that presented employers as the victims of 'commune dwellers' and others of 'poor character' who, because of government policies, now had a choice between work and the dole. The HWT Adelaide *Advertiser* gave space to the president of the laissez-faire¹⁸ South Australian Chamber of Commerce, C. W. Branson, who claimed that:

It is strange that there is such a number on unemployment relief and yet it is almost impossible to obtain labour for full-time, long-term employment. I have been approached by a number of employers who are finding it almost impossible to recruit labor [sic]. In the Brighton area a company that employs about 80 people is considering cutting out a shift because it cannot recruit a further eight workers.¹⁹

Clearly then, despite a major change in the policies and procedures regarding unemployment benefit entitlement, changes that overhauled the old 'conservative' regulations and implemented an intended 'democratic socialist' line, media discourse essentially did not change. Welfare 'news' became more frequent. But this was because the policy changes were radical, and therefore worthy of reporting. It was not until 1974 that the 'dole bludger' was invented.

1974: The 'death of Keynes' and the birth of the dole bludger

At the end of 1973 the economy underwent major changes. The long boom, during which the unemployed were regarded as 'curious' aberrations ultimately unconnected to the lives of 'ordinary Australians', began to disappear. At around this time respected organisations such as the ACCA and the IPA, along with individuals in the Reserve Bank of Australia, the Australian Treasury, and both major parties, began gaining recognition for their proposed alternatives to Keynesian economics and the welfare system in its existing form. The dictum that one needed to maintain living standards in order to maintain demand was increasingly contested. The oil crisis of

¹⁸ See Chapter 2 for a fuller examination of the ACCA and its laissez-faire/social Darwinist perspective on the economy.

¹⁹ "'Popular" to be jobless', *Advertiser*, 19 February 1973, p.9, See also 'Check jobless more closely, employers say', *Advertiser*, 20 Feb 1973, p.3 and 'Some workers found unwilling', *Sydney Morning Herald*, 22 February 1973, p.1

October 1973, which led to an oil price rise of 70 per cent, contributed to a sharp rise in inflation. In conjunction with rising inflation, 1974 saw unemployment rise to levels previously unthinkable. Under these circumstances previously peripheral New Right theories were presented as a viable challenge to Keynes.

Between the US stagflation of 1969 and the Australian recession of 1974, a small, gradual, stream of powerful figures and institutions within Australian society converted to neo-liberalism. American and British New Right figures influenced economic think tanks such as the IPA, business organisations such as the Australian Chamber of Commerce, entrenched bureaucrats within the Australian Treasury, and members of the Reserve Bank of Australia.²⁰ The works of Chicago based economist Friedrich von Hayek in particular represented the 'way forward' for these converts. Hayek presented the welfare state as ultimately unviable, a hindrance to Western economies and to the liberty of the people. The power possessed by those who became neo-liberals was both institutional and financial. They shared this fact in common with their overseas equivalents. Business-funded organisations and their New Right education campaigns extended far and wide into schools and homes with the help of generous donations from the business sector.²¹ The IPA and the ACCA acted in an advisory role to Federal and State governments, while Treasury officials were firmly entrenched bureaucrats. Calls to reduce the functions of government and the taxes that supported them increased in volume during and after the recession that New Right figures claimed had 'proven Keynes wrong'. Media and parliamentary discourse helped them to do so. It was under these circumstances that newspapers began to contribute to the construction of a 'dole-bludger' discourse.

The 'dole bludger' did not exist until 1974. It was forged from the discursive constructs of an international New Right network that deemed welfare an enemy of the taxpayer and of liberty in general. Contrary to pre-1974 media discourses on welfare, redistribution itself was constructed as an issue for debate. In the wake of rising inflation and unemployment that increased stressful economic conditions for some non-welfare recipients, 'taxpayers' were constructed as the victims of 'dole

²⁰ See Chapter 2 for a fuller examination

²¹ The Institute for Public Affairs and the Australian Chamber of Commerce, together with their offshoot organisation Enterprise Australia were the most prevalent in the area of 'economic education'. See Chapter 2 for a fuller examination of New Right education campaigns.

bludgers'. By questioning the welfare state and bringing the 'taxpayer' into the picture, it seemed that the welfare recipient was now strongly connected to the 'average Australian'. Before this relationship between benefit recipient and taxpayer became discursively forged, the recipient was not referred to as a 'bludger'. He or she, in even the most negative of reports, was called a 'drop-out' or a 'drifter' and presented as an annoyance to businessmen and government. In the New Right, the media found a ready-made discourse that enabled readers to identify strongly with stories and to forge a connection with the newspaper as a 'crusader' for his or her financial needs. The 'dole bludger' was a device used to contribute to this process.

The first reference to 'bludgers' on unemployment benefit came on 12 March 1974. The Premier of Victoria urged the Federal Government to tighten controls and cut unemployment benefit for 'bludgers'. The *Herald* reported his comments in a page one article titled 'Hit those "Bludgers" says Hamer'.²² One day later, The *Sydney Morning Herald*, reported the Hamer attack on 'bludgers' and teamed it with a call from the Federal Opposition leader Billy Snedden to 'Throw jobless "lion-tamers to the wolves"'. Snedden was quoted as saying that 'if a person did not choose to work then, in the absence of mitigating factors, he or she could not expect a prior claim to scarce taxpayers' funds'.²³ The old claims about the recipient's unwillingness to work and his or her style of dress were still there, however, this time they were not seen as a curiosity or as a law and order issue, nor were they seen as an annoyance to employers alone. This time the activities of the benefit recipient were depicted as an affront to the 'taxpayer'.

Some were abandoning concerns for the 'character' and appearance of the unemployed altogether. A *Sydney Morning Herald* editorial, in stark contrast to the sympathetic and 'character-focused' editorial of eighteen months earlier, claimed:

There is nothing more calculated to infuriate taxpayers than a gross and demonstrable waste of money they are forced to disgorge to the Government. Mr Cameron and the tolerant (perhaps too tolerant) Minister for Social Security, Mr Hayden, now seem to have realised

²² Bruce Baskett, 'Hit those "Bludgers" says Hamer', *The Herald*, 12 March 1974, p.1

²³ 'Throw jobless "lion-tamers to the wolves"', *Sydney Morning Herald*, 13 March 1974, p.6

the fact...The general, and eminently justified, view is that people have a right not to work, but no right to taxpayers' support in choosing idleness.²⁴

By claiming that a 'right not to work' existed, this editorial was demonstrating a clear departure from earlier discourse. The view now was that while a person had every right to be lazy, to be a 'drifter' and a 'drop-out', he or she did not have a right to 'bludge' on the fellow taxpayer. The Minister for Labour, Clyde Cameron, agreed. In an enthusiastic and triumphant report, which *The Sydney Morning Herald* had titled 'Cameron says: "We will not pay malingerers" Benefit to stop if work is refused', it was stated that:

The Federal Government will withdraw unemployment benefits within a few days from people who will not accept "reasonable" employment... Mr Cameron continued: "We have no right to ask society to pay people if they won't work. We will be pretty strict." If people want to live off their bank accounts it was their business, Mr Cameron said. "I'm not saying that people have to work – they can please themselves whether they work or not," he said. "That is their right as citizens. We are going to tell these people: We won't make you work but we won't pay you."²⁵

The ALP had, by this stage, begun to respond to the claims of economic crisis with an anti-Keynesian programme. Partly for this reason and partly as a means of silencing its critics, many Labor Ministers could be heard declaring the party's 'tough stance' on bludgers and defence of the 'taxpayer'.²⁶ The press made much of the ALP 'tough line'. For HWT, who had never supported the ALP, the turn around gave them an opportunity to gloat. Headlines such as 'People refuse to work—"Generous" government payments',²⁷ 'Teenagers make a living on the dole',²⁸ 'A job? You're

²⁴ Editorial, 'Unemployed by choice', *Sydney Morning Herald*, 18 March 1974, p.6

²⁵ 'Cameron says: "We will not pay malingerers" Benefit to stop if work is refused', *Sydney Morning Herald*, 5 November 1974, p.1

²⁶ See chapter 7 for a fuller examination of the ALP's shift to dole-bludger discourse

²⁷ Chris Anderson, 'People refuse to work—Generous government payments', *The Sun-Herald*, 3 November 1974, p.3

joking!’,²⁹ ‘Benefits for the genuine only’,³⁰ ‘Blitz on bludgers but dole pay stays’,³¹ ‘Test “too easy”’,³² ‘Watch it, dole cheats’,³³ ‘Govt. “Helps Lazy”’,³⁴ and ‘Tax “supports idle”’³⁵ reinforced the emerging anti-redistribution views while at the same time enabling pro-Liberal Party press to dig the boot into a floundering ALP. The new view was that the welfare state should tighten up and ‘cut off the slack’ and the ALP could easily be blamed for its ‘flabbiness’, especially in the lead up to an election in which the three major newspaper companies supported the LCP.

An end to Keynes, Whitlam, and the welfare state: Coverage of the 1975 election

In the months prior to the 1972 Federal election, Rupert Murdoch spent two dinners, one boat cruise and \$74 257 of advertising funds assuring the Whitlam opposition of his full support.³⁶ The Fairfax press, steadfast in its social and economic conservatism, had supported the Liberal Party in all but one Federal election. 1972 was to prove very run of the mill, if not a little more desperate. The Packer empire, having sold out of newspapers prior to the election, used *The Bulletin* and Channel Nine to express its views on the forthcoming poll. An election ‘editorial’, written by David McNicoll of *The Bulletin* and broadcast on Channel Nine, declared the ALP’s policies to be ‘marijuana dreams in a Utopian Disneyland where wars and threats were unknown and where men could prosper in happiness without working or worrying.’³⁷ The *Sydney Morning Herald* felt the same. It claimed, similarly, that those who considered voting for the ALP needn’t think they would be ‘led by the hand to the broad, sunlit uplands of Labor’s instant Utopia’.³⁸ In light of such media hostility, Rupert Muroch believed that he had single-handedly won Labor the

²⁸ The Herald Investigation Team, ‘Teenagers make a living on the dole’, *Sydney Morning Herald*, 9 December, 1974, p.1

²⁹ David Elias, ‘A job? You’re joking! It’s hard work keeping out of work’ *The Herald*, 14 February 1975, p.2

³⁰ Editorial, ‘Benefits for the genuine only’, *The Herald*, 17 February 1975, p.5

³¹ ‘Blitz on bludgers but dole pay stays’, *The Age*, 17 February 1975, p.2

³² ‘Test “too easy”’, *The Canberra Times*, 19 February 1975, p.10

³³ Peter Game and Alistair Smith, ‘Watch it dole cheats’, *The Herald*, 26 February 1975, p.3

³⁴ ‘Govt. ‘helps lazy’, *The Herald*, 10 April 1975, p.3

³⁵ ‘Tax “supports idle”’, *The Canberra Times*, 10 March 1975, p.3

³⁶ George Munster, *Rupert Murdoch: A Paper Prince*, Viking, Ringwood, 1985, p.95, Bridget Griffen-Foley, *Party Games: Australian Politicians and the Media from War to Dismissal*, Text Publishing, Melbourne, 2003, Chapter 7

³⁷ Griffen-Foley, pp.195–196

³⁸ Cited in *ibid.*, p.193

election.³⁹ 'We did some dreadful things to the other side' he claimed. 'A lot more happened than even they managed to find out'.⁴⁰

In 1973 Rupert Murdoch left his home in England to pursue wealth in the United States.⁴¹ At the time of his relocation, he had already made moves to the right of the political spectrum. His support for Whitlam in the lead up to the 1972 election had been largely driven by an anti-Vietnam War and an anti-McMahon sentiment. By 1974, McMahon had been deposed and Vietnam had, for Murdoch, ceased to be an issue. Murdoch's arrival in America pushed him further to the right. He developed a friendship with Richard Nixon, which in turn led to other Republican contacts who became friends and business allies. After Nixon resigned in August 1974 as a result of the Watergate Affair, Murdoch saw himself as the only 'conservative voice' amid the American 'liberal press'.⁴²

By 1974, Whitlam and Murdoch had also had a personal falling out. Whitlam had introduced legislation that had frustrated Murdoch's mining interests in Western Australia. In addition, it was claimed that Murdoch had made a serious bid for the position of Australian High Commissioner in London.⁴³ Whitlam had responded to the suggestion with disdain and ridicule. Murdoch later claimed that he'd been joking when he mentioned himself as a possible candidate. Other accounts point to the contrary. Tension was growing. That same year Murdoch claimed publicly that he wanted Whitlam removed from government. In a television interview he called on voters to join his quest and claimed that Whitlam was imposing on Australia 'a European type of socialism which has caused ruin and misery in other countries'.⁴⁴ One of his most vehement complaints was the growth of 'welfarism'.⁴⁵

³⁹ William Shawcross, *Rupert Murdoch: Ringmaster of the Information Circus*, London 1992, p.162

⁴⁰ *Ibid.*, p.162

⁴¹ *Ibid.*, p.163

⁴² Jerome Tuccille, *Murdoch: A Biography*, Piatkus, London, pp.39 and 41; Shawcross, p.169 At this time Murdoch's overseas interests were considerably large. US newspapers included: *New York Post*, *Village Voice*, *New York*, *New West*, *San Antonio News*, *San Antonio Express*, and *National Star* as well as a number of US magazines. Murdoch's UK media interests included *News of the World*, *Sun*, and thirty-three provincial papers. See Michael Symons, 'Proprietors: Who really Rules the Media?', in Keith Windschuttle and Elizabeth Windschuttle (eds), *Fixing the News: Critical Perspectives on the Australian Media*, Cassell, North Ryde, p.17

⁴³ Whitlam, p.581

⁴⁴ Shawcross, p.169

⁴⁵ *Ibid.*, pp.168-9

At the time of the December 1975 election campaign, Murdoch's stance had become so strong that his printers and many of his journalists had gone on strike over the newspaper's anti-Whitlam content. Murdoch's response was to exclaim that if journalists wanted control over content, they would have to buy their own newspapers.⁴⁶ Murdoch was determined to remove Whitlam. *The Australian's* treatment of the 1975 dismissal and election was regarded as so advantageous to the Liberal Party that Malcolm Fraser invited the editor, Les Hollings, to become his personal advisor.⁴⁷

Murdoch's growing hatred of 'welfarism', together with his determination to remove Whitlam from the leadership led to a desire to kill two birds with one stone. In 1975, especially in the lead up to the election, Murdoch papers were flooded with stories about 'dole bludgers' and Whitlam's out-of-control welfare state. The general target audience of his tabloid newspapers was the working class. Murdoch media texts continuously pitted the working class against dole bludgers and, through them, the ALP. Readers were constructed as struggling taxpayers, while the unemployment benefit recipient appeared as a 'bludger' living in luxury at the reader's expense. Editorials in particular referred to 'the Australian people', 'the Australian taxpayer', to 'workers' or simply to 'us' as victims of the dole bludger. Readers identified as part of these groups. They were factually correct. Their meaning, however, was constructed using a New Right discursive framework to coincide with Murdoch's anti-Whitlam campaign. The implication was clear. Whitlam had created the dole bludger. Those who supported him were not 'the Australian people' or 'taxpayers' or one of 'us'. His removal would herald a new era for the economically maligned reader.

On April 28 1975, a typical example of this discourse appeared. 'Jobless elite claimed' appeared on page two of *The Australian* and stated: 'The Federal Government is creating a new elite of unemployed who are in no hurry to work because of the special benefits they are receiving'. The article mentioned the Victorian Employer's Federation as the accuser. The report continued:

⁴⁶ Munster, p.112

⁴⁷ Ibid. p.111

Workers who received substantial pay rises over the past 18 months in their efforts to combat inflation were now beginning to realise that much of the benefit was going to the 'spendthrift' Federal Government in increased taxation. Inflation was providing the Government with extra funds for its expensive social welfare schemes which were not legislated for in the Budget.⁴⁸

In a similar vein, *The Daily Telegraph* on May 19 claimed in an editorial titled 'Dole is too easy':

By being so generous with its hand-outs the Government has actually encouraged dishonesty—and it has made social welfare appear too easy and too attractive...The attractiveness of life on the dole has removed the incentive. Unless we are to breed a nation of bludgers, the Labor Government will have to start opening its eyes to reality.⁴⁹

In the same editorial, *The Daily Telegraph* accused the government of being naïve about unemployment figures. The government, in seeing only what it wished to see had ignored the large number of 'bludgers' distorting the figures. In a string of articles, the Murdoch press, joined to a lesser extent by HWT and the Fairfax press, set about to give their own version of the unemployment figures to the public.

In September and October 1975 the Minister for Social Security released two sets of unemployment figures. The figures, or at least the press treatment of them, received page-one coverage in almost every metropolitan daily. They were accompanied by an explanatory press release from the Minister's department. Not one newspaper used the press release to explain the figures.⁵⁰ In its page one lead the *Daily Telegraph* wrote:

Dole cheats' cheques stopped

Thousands of unemployed benefit cheques have been cancelled in an Australia-wide clamp-down on dole cheats. A check of 14, 462

⁴⁸ 'Jobless elite claimed', *The Australian*, 28 April 1975, p.2

⁴⁹ Editorial, 'Dole is too easy', *The Daily Telegraph*, 19 May 1975, p.14

⁵⁰ Windschuttle, p.160

unemployment benefit payments by the social security department in August showed that 4451 recipients or nearly one-third were not eligible. The check followed an announcement by the then Minister for Social Security, Mr Hayden, that the Government would not tolerate welfare 'bludgers'.⁵¹

The new Minister for Social Security, Senator Wheeldon, was asked to confirm the figures during question time on 8 October. The following morning newspapers resurrected the figures and made the same accusations. *The Australian* ran a replica of its 23 September story. Wheeldon's answer on 9 October made the same qualifications as his press release. Withdrawal of benefits did not mean that people were cheating nor did it mean that they had been found bludging. Most of these cases occurred because of administrative problems. The department was over worked and could not get around to removing people from the list even though these people had notified it of the fact that they no longer needed benefit. Field officers who found the discrepancies were, in more cases than not, merely completing lingering paper work.⁵² None of the Murdoch newspapers reported Senator Wheeldon's reply.

On 26 October Senator Wheeldon's office again released figures of a similar nature. Again they were accompanied by a press release instructing journalists on how to read the figures. Again they were misrepresented. The *Sydney Morning Herald* stood alone in its treatment of the administrative problems mentioned by Senator Wheeldon.⁵³ 'Survey finds 30 percent cheat on dole', 'Thousands caught in dole check: 28 PC are cheating says Wheeldon', and 'Investigation stops 3671 dole cheats' were typical headlines.⁵⁴ In the end Wheeldon should not have been so concerned about journalists misunderstanding the figures and the accompanying press release. If the rumours were true, instructions on how to treat the figures came from above. In December 1975 Rupert Murdoch went on national television to deny rumours that the figures were falsified under his instruction.⁵⁵

⁵¹ 'Dole cheats cheques stopped', *Daily Telegraph*, 23 September 1975, p.1

⁵² Senator John Wheeldon, *Senate Debates*, 9 October 1975, pp.1044-5

⁵³ Editorial, 'Unemployment benefits', *Sydney Morning Herald*, 28 October 1975, p.6

⁵⁴ Windschuttle, p.160

⁵⁵ Munster, p.111

The 'dole dollies' drew readers into a world foreign to their own; a world that seemed free from financial strain. One in which carefree youths spent days in a manner that many readers could not even afford to spend their holidays. The reports were intended to rile. Not only were these people presented as an object of envy, they were also presented as an object of resentment. Hardworking 'taxpayers' were financing these lifestyles. The story written by Ralph Sharman of the *Sunday Telegraph*, was presented in *The Sun* as a page three lead. It was the first thing the reader saw after the damning 'Now it's time to give Mal a go!' report. In large bold type beneath the headline 'Six girls on the dole' it stated 'Home with pool – plus Valiant – a beach house and \$40 a week in the bank account'. The girls were pictured splashing their legs in the pool and laughing. A larger banner below the photograph read: 'Who'd want to go out to work!'⁵⁷

All three stories described the group as leading a 'La Dolce Vita' lifestyle. The 'taxpayer' was again being told that redistribution had gone too far. Whitlam had let it get out of hand. Through this and many other welfare-luxury stories readers were told that welfare could be seriously cut without any harm to the welfare recipient. They were also told that Whitlam's priorities had come to be at odds with those of working people and that the working class no longer had his support. His government had failed the working class in its relentless redistribution of cash from hardworking Australians to Australians living in luxury. The *Sunday Telegraph* and *The Sun* 'understood' the financial constraints felt their readers and constructed the newspaper as a crusader for the reader's cause.

The story itself had been largely falsified. The girls had approached a real estate agent in the hope of moving to a different house. Instead of finding them a new rental property the real estate agent had rang the *Sunday Telegraph* with the story. The six girls knew nothing about the agent's phone call. When a photographer from the *Sunday Telegraph* arrived to take their picture he told them that it would be a typical page three photograph of 'bikini girls sitting around a pool'.⁵⁸ What's more, only two of the girls were unemployed. Three had jobs and one didn't even live at the house. The girls said that they had not made the statements attributed to them. The ABC

⁵⁷ Ralph Sharman, 'Six girls on the dole', *Sunday Sun*, 7 December 1975, p.3

⁵⁸ Windschuttle, p.166

sought out the journalist, Ralph Sharman, for a statement. 'It was a good news story and that's how I still consider it' he said.⁵⁹

The relentless search for welfare/luxury stories also took on a racial element. Long before the election, the claim had been made that Whitlam favoured special interest groups over 'average Australians'. 'Cashed up' Aboriginal people were a favoured example. In the fortnight leading up to the election this rhetoric was used to full advantage in Murdoch's papers. On 1 December the *Daily Telegraph* used its front page to claim 'Welfare bludgers get \$350 a week'. The story was about an Indigenous family 'known to' a Mr B. Varcoe, a former government advisor. *The Australian* ran the same story on page three, including in it a voice of concern for the well being of the overpaid Aborigine.

Welfare system pay flaws ruin blacks

Aboriginals are being destroyed and are sending Australia broke through a social welfare system which can pay a household \$723 a fortnight, a Federal Government adviser claimed yesterday.

The story went on to explain that this figure was calculated based upon one family known to Mr Varcoe. The main breadwinner was working. His wage made up \$300 of the total. The family also had a pensioner boarding with them. The pensioner paid the family \$60 a fortnight. Another member of the family made \$100 a fortnight working at a casual job. The social security portion of the \$723 included a school allowance of \$46, child endowment of \$20, a pension of \$135 and a dole payment of \$62. All in all ten people lived in the house. *The Australian* estimated that they would have a surplus of \$557 a fortnight.⁶⁰

One of the main differences between the 'dole dollies' story and this story lies in the reasoning for cutting benefits. The implication was that aborigines presented with financial opportunities such as those gained from welfare, would descend into depravity. If Australians really wanted to help them, they would have to see to it that welfare opportunities were removed. In a statement that seemed to conjure Daniel P

⁵⁹ Ibid., pp.166-167

⁶⁰ 'Welfare system pay flaws ruin blacks', *The Australian*, 1 December 1975, p.3

Moynihan's work on *The Negro Family*, discussed in Chapter 1, Varcoe claimed that, under the current welfare system, 'the end result was like an infectious disease in which women left their husbands, men left their jobs and both turned to alcohol, bludging, crime and drugs.' As stated in the previous chapter, it is possible to see within this story an early use of the New Right version of 'new-class' discourse as described by the authors of Marian Sawer and Barry Hindess's 2004 book *Us and Them: Anti-Elitism in Australia*. This discourse includes a significant component related to the 'illegitimate' favouring of 'special interests' by government at the expense of the 'average Australian'. The authors identify it as a phenomenon of the 1980s and 1990s and of 'Hansonism' and 'Howardism' in particular. This early version displayed in *The Australian* in 1974, pitted Indigenous Australians as a 'special interest group' against wider society, and called into play a combination of financial resentment, racism, anti-welfare and anti-government sentiment on behalf of the reader. By using a language of compassion it also enabled the reader to justify these feelings while at the same time identifying as fair and racially 'tolerant'. While conjuring racism, the article discursively shifted the blame to Whitlam and 'big government'.

The 'overpaid' Indigenous Australian was portrayed as a 'victim' of Whitlam's welfare state, but it was clear from most other stories that the 'real victim' was the reader. Murdoch's *Adelaide News* reinforced this message on the front page one week prior to the election. The story was about an imaginary 'average taxpayer' by the name of John Smith. Under Labor's newly proposed tax scheme 'John Smith' would pay more. *The Australian*'s 'tax expert', a businessman called Alan Robson who had, in the past, written anti-redistribution articles for the *Sydney Morning Herald*,⁶¹ claimed that 'The new system is slugging the average worker harder than ever before on the pretence of helping the needy'. This quote appeared in bold type. The heading, 'Tax rape', appeared in bold capitals spanning 4 cm in height.⁶² Murdoch was unrelenting in his attack on 'welfare bludgers' and the ALP during the pre-election period. Yet however much Whitlam singled out the Murdoch press for criticism in the wake of his defeat, it was obvious that all the popular newspapers in the country were

⁶¹ See for example 'Robin who?', *Sydney Morning Herald*, 5 October 1972, p.6

⁶² Alan Robson, 'Tax rape', *The News*, 5 December 1975, pp.1 and 77.

taking a similar line.⁶³ They had done so since 1974 and would continue to do so in the wake of the Whitlam Labor Government.

When the Liberals gained government at the end of 1975, they immediately began publicising tough 'new' benefit rules. Despite suggestions to the contrary, the rules were essentially the same as those preceding them. Press reports represented the guidelines as a welcome relief for the taxpayer. The Liberal Party made two alterations: it reintroduced the 'postponement of benefit' provision, and introduced a policy intended to deny benefit to school leavers for a period of three months. The press lauded the 'new' guidelines and heralded the arrival of a 'crack-down' on government waste. Even after the removal of Whitlam, waste was depicted as an inherent feature of government, but one that could be 'stamped out'. The press remained the 'crusader of the people'. Through these stories newspapers indicated that although the outcome of the election had been favourable, they would remain vigilant, acting as a political 'watchdog' on behalf of their readers.

As well as weeding out the 'cheats' on whom taxpayers' money had been 'wasted', the press reported that the new government had promised to clean up the 'wasteful' public sector. According to the *Sydney Morning Herald*, this sector would no longer receive 'excessive' funding. It would be reigned in, in accordance with 'proper financial management'. Included was a revision of government staff ceilings intended to cut the size of the public service by 8 380 by the end of June.⁶⁴ This was one area in particular that the press would 'keep an eye on', exposing to hardworking readers the inefficiency of the public sector and the out of touch nature of bureaucracy.

Although support for the LCP's welfare goals remained strong within the media, support for their methods was restricted mainly to the Murdoch press. Around this time a backlash of sorts began to emerge. The Liberal Government's strong emphasis upon the unemployment beneficiary's appearance began to raise the hackles of some journalists, particularly within the Fairfax press. A strange contradiction emerged in which laudatory reports were accompanied by reports damning the restrictive and totalitarian nature of the 'new' guidelines. There was a feeling that while

⁶³ See for example Whitlam, p.581

⁶⁴ 'Govt puts limits on future spending', *Sydney Morning Herald*, 20 April 1976, p.1

unemployment benefit recipients should be policed, this should ultimately be a measure designed to reduce the financial burden placed upon the taxpayer. The beneficiary should not be punished in any way, save the removal of benefits. A *Sydney Morning Herald* editorial, for example, claimed

[T]he direction of the Fraser Government's policy changes – tightening up a system that had become slack – is legitimate enough. But saying this is a very different thing from endorsing the latest measures announced by Mr Street. The measures appear to be largely a political exercise, aimed at exploiting the Pavlovian reaction of a wide section of the community to the words 'dole bludgers'. They are excessive, socially regressive and economically counter productive.⁶⁵

Stories told of harsh departmental decisions and their effect upon individual job seekers. Readers were let into the lives of pregnant workers forced into heavy manual labour and desperate jobseekers running to job interviews, only to find that their dishevelled appearance upon arrival was reported to the CES, costing them both the job and the dole.⁶⁶ It was reported that job seekers referred to the Department of Social Security as 'the Gestapo'.⁶⁷ These press reports tended to agree with the sentiment.

As sympathetic as they were, however, these reports focused almost exclusively upon the faults of heavy-handed public servants. Most remained in favour of a 'crack down' on welfare waste while expressing distaste for the methods used. Alongside them were stories such as 'Four jobs...but not a single taker' and 'Many without sympathy for unemployed slackers' which told of the continuing exasperation felt by both employers and taxpayers and called, again, for decisive action. These stories, in a somewhat similar vein to those expressing sympathy for the jobless, placed a great deal of blame upon lazy welfare workers. It was 'revealed' that these workers wasted taxpayers' dollars through incompetence and spent their time taking long lunches

⁶⁵ Editorial, 'On the dole'

⁶⁶ Keith Martin, 'ACTU wants govt to clarify new dole rules', *Sydney Morning Herald*, 20 May 1976, p.3, 'Dept stops girl's dole money "dirty, untidy for interview"', *Sydney Morning Herald*, 1 October 1976, p.1

⁶⁷ Department of Social Security, *Interim Report on Dee Why and Bondi Pilot Studies*, cited in Law, p.250

rather than getting people off the dole.⁶⁸ Readers were told that the Fraser Government had the power, and the stated intention, to overhaul the welfare and taxation systems, to relieve the reader's financial stress, but they had so far not acted to do this. The government had instead chosen to focus upon 'soft targets' and useless 'punishment' at the expense of the taxpayer.

The press reinforced its role as the people's crusader by proposing plans through which the 'common sense' of the people could be utilised by government. Throughout this period the Fairfax press began to suggest its own alternatives to a publicly-funded welfare sector. Among them, self-help groups and charity organisations were given the most praise. Members of the New Right had themselves floated these options in America, the UK and Australia. These groups were to take over the job-finding functions of the 'incompetent' and 'wasteful' CES and pick up the slack when welfare reforms left some recipients in 'unfortunate' situations. This would save the taxpayer millions of dollars in wasted money. Those whose job it was to check on the legitimacy of claims could also be done away with. They were not catching enough bludgers, and had been 'exposed' by the press as bludgers themselves. Instead a central hotline would be established for those wishing to report 'suspicious cases'. A cash incentive would be awarded.⁶⁹ If the government would only implement radical plans such as these instead of focusing on trivial issues such as an applicant's hair style and choice of outfit, then the taxpayer would at last see some change. Stories such as 'Government welfare a shambles' supported the calls for a new system in which the non-government sector played a large role. Readers were told that since Social Security staff spent most of their time on morning and afternoon teas instead of getting people off the dole, shifting welfare on to the community would save time, money and unnecessary distress.⁷⁰ Even the government's relationship with the Murdoch press began to take a battering with *The Australian* in particular expressing frustration at the slow and doubtful pace of reform.

⁶⁸ Graham Williams, 'Four jobs... but not a single taker', *Sydney Morning Herald*, 16 October 1976, p.1 and 'Many without sympathy for unemployed slackers', *Sydney Morning Herald*, 31 December 1976, p.3

⁶⁹ 'Jobless young air grievances against CES', *Sydney Morning Herald*, 1 March 1977, p.9; Peter Durisch, 'Dole watchers', *Sydney Morning Herald*, 30 March 1977, p.7

⁷⁰ Tony Thomas, 'Government welfare a shambles', *The Age*, 29 July 1977, p.9

1979-83: Solutions to the 'welfare problem'

Toward the end of the Fraser period, stories of dole bludgers and their unfortunate taxpaying 'hosts' began to take on a new dominant element. No longer did it seem viable to spend endless column inches speaking on behalf of readers against the welfare state. Now the focus rested upon issues such as: to what extent is the invasion of privacy an issue in removing people from unemployment registers?⁷¹ Should beneficiaries work for the dole or are those schemes themselves a drain on taxpayers? The primacy of the taxpayer no longer needed to be justified with continuous references to the character or 'luxurious' spending habits of the welfare beneficiary. Although these stories still existed, discourses focusing on the 'best interests of the taxpayer' could exist independently without so much justification. Press reports were confident in providing solutions to welfare without too much reiteration of the 'problem'. One such solution touted in 1982 demonstrates how far the discourse had come since the pre-1974 period. On 25 October, Brisbane HWT publication *The Courier Mail* urged welfare recipients to pursue 'alternative lifestyles' instead of the dole. A Queensland ALP Senator had made the suggestion of a one-off grant of land on which unemployed people may live as a self-sustained community; a 'society within a society'.⁷² *The Courier Mail* reported the suggestion with enthusiasm. Prior to 1974, press reports depicted unemployed 'commune dwellers' as a scourge upon 'society'. In 1982 they were viewed as a viable solution to the 'taxpayer's' problem.⁷³

The most publicised solutions, however, came from Fraser's critics on the right; a group of backbench market liberals with whom some columnists and editors were intertwined, either as friends, supporters or members of the economic think tanks to which they belonged. In spite of a series of policy changes, Fraser had not met the expectations of this cohort. The taxation and welfare systems remained, essentially, the same. During Fraser's last term in office, the Murdoch press, in particular, used the existence of the parliamentary 'dries' as a perfect opportunity to bring further attention to its own disappointment with the Fraser Government. By publicising and empowering the dry agenda, sections of the press also sought to reinforce their

⁷¹ See for example: 'Dole check attacked by welfare groups', *Sydney Morning Herald*, 14 February 1979, p.3; Graeme Domm, 'Bid to sabotage benefit "spies"', *The Age*, 9 July 1979, p.19

⁷² 'Alternative lifestyle "may help jobless"', *The Courier Mail*, 25 October 1982, p.18

⁷³ Bob Hawke made this suggestion in his 1979 Boyer Lecture and commissioned research during the early years of the Hawke Labor Government. See R.J.L. Hawke, *The Resolution of Conflict*, 1979 Boyer Lecture, Australian Broadcasting Commission, Sydney, p.46.

existence as political 'watchdog' by providing space for 'legitimate' criticism of the government. The dries were framed as legitimate commentators because they were internal to the party and therefore 'in the know'.

John Hyde, a market liberal who consistently challenged Fraser's 'support' for the welfare state, recalled that during the 'collectivist years' of the Fraser Government notable support came from members of the financial and business press. Peter Samuel, Paddy McGuinness, Alan Wood and Max Walsh were all consistent in their support of dry economics. In addition Hyde claims that

Leading newspapers gave the dry politicians, the staff of the think tanks and other economic liberals opportunities to reach wide readerships... Without this opportunity less could have been achieved.

Hyde himself wrote over 700 newspaper columns while another leading dry, Bert Kelly wrote over 800.⁷⁴

Conclusion

The press therefore played a fundamental role in the construction of dole-bludger discourse and new-class discourse in Australia, and while one could not claim that the industry was part of a network of New Right actors, it is clear that the newspapers examined in this chapter were a major contributor to the New Right hegemonic project. The economic crisis of 1974 changed the way in which Australian newspapers reported the unemployed. A wider discursive shift stemming from the proselytising organs of the New Right in America, the UK and Australia, provided the basis for this shift. The media appropriated New Right discursive frames, at this time prevalent within business-funded organisations and economic think tanks, and rearticulated them for a popular audience. While using the discourses of the New Right to support various agendas such as the removal of Whitlam, newspapers simultaneously bound readers to a broader New Right hegemonic project. These discursive frames were used in conjunction with an entrenched media discourse that constructed a particular newspaper as political watchdog, 'crusader of the people' and defender of the readers' interests. The discursive combination strengthened the link

⁷⁴ Hyde, *Dry*, p.98

between the New Right and the interests of the reader, in particular those of the economically disadvantaged. The press provided the most convincing articulation of New Right 'us and them' discourse because media had long constructed themselves as crusaders of the people. The next chapter will further illuminate this process by focusing on one media campaign, *The Australian* tax revolt, which marked a pivotal moment in the popularisation of new-class discourse in Australia.

The Australian 'tax revolt' campaign – Popularising New Right welfare frames

In 1978, *The Australian* embarked upon a campaign to influence the Fraser Government's taxation policies. This campaign took place in the form of a series of articles announcing a 'tax revolt' among the Australian people. The campaign was central to the popularisation of new right discourses and, in particular, to the formation of new-class discourse within an Australian context. This new-class discourse had been a major feature of the New Right project in the US, and had existed intermittently within Australian anti-welfare and dole-bludger discourse before this period. Constructed by American neo-conservatives Irving Kristol and Norman Podhoretz, the discourse pitted 'the people' against an 'elite' class of bureaucrats, in particular those within the 'social justice industry'. It emphasised the 'common sense' possessed by the people, and discredited the expert knowledge of government and community workers while providing its own experts drawn from the New Right. New-class discourse was a major feature of the American New Right tax-revolt campaign for California's 'Proposition 13'. *The Australian* adopted the key features of this campaign, and with it, new-class discourse. Although new-class discourse had informed New Right welfare frames prior to the campaign, as shown in previous chapters, it was *The Australian* tax revolt that marked the popularisation and nationalisation of a new-class discursive frame in Australia. The impetus for this major discursive shift was the personal tax agenda of Leslie Hollings, Editor in Chief of *The Australian*. It was, however, framed as part of the newspaper's promise to remain vigilant on behalf of its readers.

The American tax revolt

On 6 June 1978, 4 280 689 voters in the state of California passed a bill in favour of drastically limiting taxation. This bill, entitled Proposition 13, reduced property tax rates on homes, businesses and farms by about 57 per cent and limited property tax to

about 1 per cent of the property's market value. The bill's author was Howard Jarvis, a 73 year-old Californian resident whose upbringing in a tough mining town and position as 'one of the people' was the focus of much media publicity during California's 'tax revolt' campaign. Although Jarvis cultivated this persona he was in fact far from 'ordinary' in the wealth and power he possessed. He was a multi-millionaire who made his fortune in newspapers before buying a chemical firm and then a latex plant in the 1930s. In the 1960s he built on this fortune with a chain of factories that manufactured among other things missile parts. In the same decade he became chairman of the United Organisation of Taxpayers. Jarvis had also been involved with the Republican Party for most of his life, running for State Legislature in the early 30s and then working for Herbert Hoover. He continued this close association up to and beyond Proposition 13.¹

Such wealth and political resources did not seem to injure Jarvis' representation of himself as 'one of the people'. For Jarvis, and many like him, it became common in the 1970s to construct an image of 'the people' as a vague category composed of disgruntled or potentially disgruntled taxpayers, whatever their economic status. When defined in this sense 'the people' overwhelmingly supported the Proposition 13 tax cut by a margin of 2 to 1, this included those who had most to lose from a reduction in government services; the poor, black Americans, and renters, as well as those who came as no surprise; self-identified Republicans and home owners.² Many surveys conducted before and after the vote asked voters why they supported the bill and what consequences they could foresee. Surprisingly, very few desired a reduction in the scale of government, especially when particular government services were pinpointed, and while reductions in 'welfare' were the exception to this, only half the respondents who had favoured welfare cuts maintained this position when queried regarding particular welfare services such as 'help for the unemployed', and still less when broken down into components such as aid for the elderly, the disabled and children.³ Despite this many still regarded 'welfare' as an area of government waste in need of a clean up at the time of voting. In fact welfare came in for special attention

¹ Andrew McKay, 'How the Great Tax Revolt Started: The Man With Fire in His Belly', *The Australian*, 14 July 1978, p.7

² Paul Peretz, 'There was no Tax Revolt!', *Politics and Society*, vol 11, no 2, November 1982, p.232

³ Anon. 'the Tax Revolt and the Welfare State', *New Society*, 9 October, 1980, pp.72-3

throughout the proposition 13 campaign, despite only a fraction of property taxes being used to support welfare in California.⁴

Part of the reason for this apparent contradiction between support for proposition 13 and support for maintaining or increasing government services lay in the fact that many voters were convinced that the tax cut would not lead to funding cuts in any of these areas. Prior to the referendum that passed the bill, 45 per cent of Californian voters believed that tax cuts would lead to a reduction in government 'waste' and 'inefficiency' and that the revenue needed could easily be drawn from non-essential areas. There is also some evidence that voters believed that the tax cuts would 'pay for themselves' because productivity would increase in response to lowered taxation. A survey conducted in 1980 indicated that yes voters on the whole no longer believed either of these things had occurred.⁵ Where, then, did these ideas come from?

There was nothing essentially 'New Right' about the concept of cutting property tax in 1978. Calls of this nature had been made throughout American history. However, members of the New Right infused the Proposition 13 campaign with language specific to their own goals and agendas, using the campaign as a vehicle for New Right concepts such as the 'new class', 'welfare waste', and supply-side economics and for this reason the campaign could be said to have taken on a New Right character and to have influenced voters in a New Right direction. One of the key figures responsible for this was Irving Kristol, a notable American neo-conservative who at the time of the campaign was Professor of Urban Values at New York University. This discourse sought to construct a dichotomy between university educated 'elites', principally those employed within the public sector and the 'social justice industry', who were regarded as having carried student activism into bureaucracy, and everyone else, defined variously as 'average Americans', 'the people' and 'taxpayers' regardless of financial position.

This new-class discourse entered into Kristol's public support for the campaign, tapping into working-class resentment over redistribution to the wealthy and the

⁴ Susan Hansen, *The Tax Revolt and the Politics of Redistribution*, Paper prepared for the Annual Meeting of the Political Science Association, New York Hilton Hotel, 3-6 September 1981, p.21

⁵ Anon. 'The Tax Revolt and the Welfare State', p.73

educated middle class. In an article titled 'Proposition 13—what it all means' published in the *Wall Street Journal* in the week following the passage of the bill, Kristol forged this conceptual link, claiming: 'To begin with, it is ridiculous to talk as if all government services were of primary benefit to the poor. Summer schools, for instance, now closed in California, may be useful to some poor kids, but they are no less useful to children of the middle class, and they are beyond all doubt profitable to middle-class teachers' and 'the major groups that will be adversely affected are the public employees whose unions had been granted high wages, and exceedingly generous pension agreements. (Half of Los Angeles real estate taxes go to pay for such pensions.)'⁶

This, according to Proposition 13 advocates, was not the only waste of taxpayers' dollars. Among many other wasteful schemes, 'welfare', broadly defined, was singled out for special attention, in spite of the fact that only a tiny amount of welfare revenue was collected from Californian property taxes. Howard Jarvis was particularly focused on the issue, reportedly repeating the phrase: 'I think welfare is a narcotic. It will eventually destroy this country'.⁷ Echoing the words of Ayn Rand, he offered voters a choice between welfare and constitutional liberty gained through property, both could not exist simultaneously: 'Ownership of private property is the number one extension of human rights in the United States. The constitution specified life, liberty and property shall be protected. Not life liberty and welfare.'⁸

In the month following the Californian tax revolt that resulted in the passing of Proposition 13, both the Irving Kristol *Wall Street Journal* article and an article on Howard Jarvis containing his views on welfare and taxation appeared in Rupert Murdoch's daily newspaper *The Australian*. They were there among hundreds of articles that appeared in July proclaiming an Australian tax revolt and praising the efforts of the Californian people against big government, bureaucrats, and the welfare 'quagmire'. The newspaper claimed that it was now the turn of the 'Australian people' to show such courage and to 'join *The Australian* tax revolt'. The newspaper not only adopted the campaign from America, it also adopted the New Right

⁶ Irving Kristol, 'Proposition 13—What it all means', *Wall Street Journal*, reprinted in *The Australian*, 13 July, 1978, p.7

⁷ McKay

⁸ Ibid.

discourse that accompanied it, focusing particularly on the new class and welfare waste as reasons for disquiet among taxpayers. In the end, there is little evidence that a 'revolt' did actually occur outside of the newspaper itself, or in fact that the newspaper's editor intended to start one. What did occur however was that *The Australian* in its month-long campaign, reinforced New Right anti-welfare discourse and placed a discourse that had been peripheral until now, new-class discourse, on the centre stage in Australia.

The Australian tax revolt

Rupert Murdoch established *The Australian* in 1964, declaring it to be the country's first quality national daily. In the twenty years that followed the paper lost money as it struggled to draw its target audience, business professionals and other high-earners, away from the State based broadsheets the *Sydney Morning Herald* and the *Melbourne Age*.⁹ From 1964, however, circulation rose steadily from 64 000 to a peak of 153 000 in 1974, dropping slightly to 118 000 in 1977. The 1977 figures are roughly half that of the *Sydney Morning Herald* and the *Age*, but two and a half times more than the *Australian Financial Review*.¹⁰ Despite the loss of money, Murdoch regarded these years as a 'success', based on the fact that the newspaper had played a key role in the circulation of ideas in Australia.¹¹

These 'ideas' were, from 1974 onward, supportive of New Right market populism. Andrew Neil, a former editor of the *Sunday Times* during the 1980s, summed up Murdoch's approach to news during these years in his book *Full Disclosure*: 'Rupert expects his papers to stand broadly for what he believes: a combination of right-wing Republicanism from America mixed with undiluted Thatcherism from Britain... the resulting potage is a radical-right dose of freemarket economics, the social agenda of the Christian Moral Majority and hard-line conservative views on subjects like drugs, abortion, law and order and defence.'¹² While in the 1970s the *The Australian* had not yet incorporated far-right conservatism, it had begun to incorporate neo-liberal agendas and discourses into its pages. As editor in chief, Les Hollings was the most

⁹ David McKnight, 'Rupert Murdoch and the Culture War', La Trobe University Essay, *Australian Book Review*, February 2004

¹⁰ Murray Goot, *Newspaper Circulation in Australia 1932-1977*, Media Centre Papers 11, Centre for the Study of Educational Communication and Media, Melbourne, 1979, p.6

¹¹ McKnight

¹² Cited in *ibid.*

influential figure behind the push. After leaving his job as editor of *The Australian*, his New Right associations landed him the job of head of the Sydney Institute, an influential New Right think tank established in the 1980s.

On the day of the Royal Easter Show in 1977, Leslie Hollings, was invited to drinks with Malcolm Fraser at Kirribilli House. There, as they did on many occasions, the two men discussed the future of Australia. If Fraser had had his way, Hollings would have been advising him in a formal capacity as the Prime Minister's chief adviser. Hollings had declined the offer shortly after the dismissal, stating that he had more influence over the government in his editorial position.¹³ Shortly before Fraser left to attend the show, Hollings made a vigorous attempt at convincing him to make a start on tax reform.¹⁴ If the events that followed are anything to go by, Hollings had been right to maintain his position at *The Australian*. His influence over the government's taxation policy during the next two years was substantial. It had very little to do with 'advice'.

Shortly before the 1977 Budget was handed down in August, Hollings received an excited phone call from Malcolm Fraser. He was instructed to call Fraser in his office immediately after the Budget speech had been read. 'It is a good Budget. You'll like it' Fraser said.¹⁵ The Budget included a standard flat personal tax rate of 32 cents in the dollar for nearly 90 percent of taxpayers. The top rate was brought down from 65 cents to 60 cents.¹⁶ Hollings later claimed that this Budget had indicated the beginnings of a tax revolution in Australia, nearly one year before California's Proposition 13 tax cuts. During the post-Budget phone call, Fraser told Hollings that he had been motivated to make the changes after speaking with him on Easter Show Day.¹⁷ The triumph was short-lived. In the wake of a December 1977 election, fought largely on the issue of tax reform, the Liberal Party proceeded to bring in a 1.5 per cent temporary tax surcharge. Hollings, and *The Australian*, began to doubt the government's commitment to minimal taxation.¹⁸

¹³ Les Hollings interviewed by John Farquarson [transcript], Jan 27–April 21 1997, National Library of Australia, pp.93 and 43

¹⁴ Ibid, p.43

¹⁵ Ibid.

¹⁶ 1977–1978 *Budget Papers*, Budget Speech, 16 August 1977, pp.17–23

¹⁷ Hollings, p.44

¹⁸ Ibid.

The following autumn, rumours began to circulate about the government's up and coming mini-Budget. The temporary tax surcharge was to be made permanent. Not only that, it was to be increased to 2 per cent. Hollings determined that *The Australian* would fight it 'and fight it pretty strongly and with everything we possibly could'.¹⁹ His arsenal included a run of editorials on the front page of the newspaper calling for a tax overhaul and accusing the government of 'going off the rails'.²⁰ Not content to be underestimated, he booked a flight to Canberra and made his position known to Fraser's ministers.²¹ After lunch with the Minister for Employment and Industrial Relations Tony Street, Hollings was summoned to see the Prime Minister. An attempt was made to appease him. Fraser again restated his commitment to small government and brought forth figures on how many public servants had been recently sacked. An argument ensued in which Hollings made it clear that *The Australian* was now at odds with the government. Fraser did not treat the matter lightly. The paper had played a large role in the downfall of governments. He knew this from experience.²² The following day the mini-Budget was announced. In one night the government's decision had been reversed. The tax surcharge of 1.5 per cent remained temporary.²³

For Hollings there was to be no period of rest. Spurred on by the Californian tax revolt campaign, Hollings continued his commitment to tax reform 'news'. The government, however, remained intent upon introducing a new tax. This time, a Value Added Tax was on the cards. As a regressive tax, it appealed to many neo-liberals. Hollings, on the other hand, was incensed. The government's decision to introduce the tax without any accompanying income tax cuts only confirmed his belief that Fraser had reneged on his promise. In retaliation, Hollings devoted a whole month of *The Australian* to his anti-VAT cause. From the 1st of July *The Australian* 'revolted'.²⁴

¹⁹ Ibid.

²⁰ Ibid.

²¹ Ibid.

²² *The Australian's* role in the dismissal of Gough Whitlam and the December 1975 election is well covered. See, for example: Griffen-Foley, chapter 8, Shawcross, pp.168–173 and Munster, pp.108–112.

²³ Interview with Les Hollings, p.46

²⁴ Ibid.

Defining 'us'

On July 13 1978 *The Australian* heralded the arrival of its own 'Great Tax Revolt'. The announcement came with all the grandiose tones of an impending revolution, though its position, two weeks into what had come to be a relentless stream of 'tax revolt' stories, many of them announcing the 'arrival' of the revolt, indicated a sort of desperation; a reminder to 'the people' rather than an accurate reflection of a groundswell. Regardless, *The Australian* claimed that the revolt had 'been brewing for years as the amount of direct and indirect taxes rose remorselessly' and that 'widespread public antagonism towards waste and government overspending, against "fat cats" and feather bedding...' had united Australians in outrage. At least 100 articles appeared that month that included an anti-tax theme, usually occupying the front page. Each day a banner headline accompanied the front-page article headline. It urged readers to 'join the Australian tax revolt'. Other tax revolt headlines included: 'The great tax burden', 'The anger of a man taxed too far', 'Our taxes must be reduced', 'Paying for services of doubtful value', and 'It's your MONEY they're after!'

Like the American campaign, *The Australian* tax revolt constructed images of financial disadvantage among 'taxpayers' as a category while disputing financial disadvantage among welfare recipients, particularly those who depended upon unemployment benefits. Howard Jarvis had made much of the contrast between the welfare recipient and the disadvantaged 'taxpayer' in his campaign. He claimed in an article printed in *The Australian* on 14 July 1978: 'a lot of people are paying for welfare through property taxes when they don't have enough food to live on in their houses.' Adding 'It should be that a guy can go home, shut the front door and tell the rest of the world to go to hell. Freedom is the name of the game.'²⁵ The disadvantage suffered by taxpayers was not always economic. In another example, Jarvis spoke of an elderly woman who had suffered a heart attack when she discovered her property tax bill.²⁶

By all accounts the taxpayer was depicted as the 'real' victim in contrast to welfare recipients and public sector employees who 'benefited' from the general revenue

²⁵ McKay

²⁶ Joel Fox, 'Proposition 13: A look back', Howard Jarvis Taxpayers Association website, viewed 19 January 2005, <http://www.hjta.org>

raised through taxes. In *The Australian* tax revolt this imagery took on a character peculiar to Australia, drawing on 'national character' discourses that depicted the average Australian as an underdog and a battler, intent on beating the system. An editorial on the weekend of 1–2 July, for example, claimed

At the core of the taxpayers' revolt is a generalised feeling among taxpayers that they are being "got at" in innumerable, devious ways... [The taxpayer] feels like a mouse marooned in a home for hungry cats. But the mouse is beginning to roar.²⁷

Profiles of 'mice' or struggling taxpayers featured heavily. Human-interest stories, in which readers were given the opportunity to comment on taxation, or at least to put forward the point of view shared by the newspaper, were common. Surprisingly, profiles did not focus specifically upon working-class taxpayers. In fact many told of the struggles of the rich. On more than one occasion, the wealthy were represented as the working-class taxpayer's comrades in arms. The struggles of taxpayers were not only defined in terms of the amount of disposable income left to 'the people'. Financial burden could also be defined by feelings of limited financial freedom.

One such article titled 'The anger of a man taxed too far' appeared on page three on the weekend of 15–16 July. Ted Yencken, the man in question, was a Victorian businessman who owned a private investment company and felt that he was the victim of a great financial burden placed upon him by government spending. His main complaint was that his Sorrento beach house was taxed at too high a rate. If taxes went unaltered, he would have to resort to selling some of the land surrounding it.²⁸ By including Yencken among 'the people', *The Australian* was clearly putting faith in Irving Kristol's concept of the 'new class war'; the people, as citizens, versus 'the politicians and their clients in the public sector'. This was an early version of what New Right commentator and journalist, Gerard Henderson, identified in 2001 when he stated:

²⁷ Editorial, 'Simplifying our tax laws', *The Weekend Australian*, 1–2 July, 1978, p.8

²⁸ John Monks, 'The anger of a man taxed too far', *The Weekend Australian*, 15–16 July, 1978, p.3

[W]e have arrived at this strange pass where millionaire bankers do not have to divest property, change professions or even resign from gentlemen's clubs to move from the elite and be rehabilitated as 'one of us'—they simply have to support the views of 'ordinary Australians'.²⁹

While the wealthy appeared often among the ranks of 'the people', they could also be subsumed or used to reinforce the claim that working-class taxpayers were the most maligned of all taxpayers. Among the numerous stories of government handouts and wasteful public servants were stories of widespread tax avoidance, complete with details of the schemes used. Although the stories carried a tone of triumph against a mutual foe, they also made it clear that tax-avoidance schemes could only really work for the wealthy. The most successful schemes required professional help and large stock portfolios, situated in 'a number of positions on both the buying and selling side of a commodities future market'.³⁰ Those who had little to no stake in commodities future markets had only one option, a 'tax revolt'.

Revolters appeared in cartoons as 'diggers' ready for battle. This imagery reinforced the 'determined underdog' status so often found in articles and editorials. It also appropriated the mythology associated with the 'Aussie digger', giving the revolter an air of the 'common man' engaged in a noble fight for the good of the nation. In contrast, government, most often depicted by the figure of an oversized Malcolm Fraser with his nose aloft, appeared arrogant and out-of-touch.

Tightening the belts of the new class

New-class discourse did not come to Australia with the adoption of the Californian tax revolt campaign. As previous chapters have stated, it has a long history in Australia that ensured the familiarity and 'believability' of the American New Right version when applied in an Australian context. Marian Sawer has identified the concept as emerging first in the European socialist disputes of the 19th Century, from which emerged claims that socialism was a path to power for bourgeois

²⁹ Gerard Henderson, 'Welcome to the new elite: anyone can join', *Sydney Morning Herald*, 27 November, 2001 cited in Marian Sawer 'Us and Them: Anti-Elitism at the Turn of the Millennium', *Dialogue*, 22, 1, 2003.

³⁰ Alan Farrelly, 'The taxman can still be beaten!', *The Australian*, 20 July, 1978

intellectuals.³¹ From its early left-wing socialist and anarchist beginnings it was transformed in the 20th Century to become a feature of conservative and anti-communist liberal discourse in Australia and the US. The Sydney University philosophy professor and libertarian John Anderson was one of the first to use the discourse in Australia, repudiating the efforts of post-war planners and regulators during the 1940s and in 1962 blaming the 'agents of centralised control' and 'advocates of a "planned society"' for the death of liberalism.³² Conservatives writing for *Quadrant* magazine during the 1950s took up this critique of the new class, infusing it with claims about the political character of the 'class' and juxtaposing this political character with the views of patriotic 'ordinary Australians'.³³ The editor of *Quadrant* Robert Manne went on to become a major proponent of new-class discourse, publishing in 1982 an edited collection titled *The New Conservatism in Australia*, which included a number of essays deriding the new class of elites.³⁴

The character of new-class discourse was transformed again after the American stagflation of 1969 to incorporate a more explicit economic element. As discussed in Chapter 1, an emerging group of 'neo-conservatives' which included Irving Kristol, Daniel P Moynihan and Norman Podhoretz began to use the concept to support their attacks on President Lyndon Johnson's Great Society and in particular his government's War on Poverty. According to these neo-conservatives a new class of university educated left-wing elites had captured government and were using it to funnel revenue into wasteful radical causes associated with 'special interest groups'. This variation on the discourse also appealed to neo-liberals who used it to claim that government had become too big and too wasteful, no longer catering to the needs of 'ordinary citizens' but rather causing them financial distress by eliciting taxation to pay for the 'waste'. It was this New Right version of the concept that entered Australia during the economic 'crisis' of 1974 via Australian economic think tanks

³¹ Marian Sawyer, 'Theories of the "New Class" from Bakhtin to Kuron and Modzelewski: The Morphology of Permanent Protest', in Marian Sawyer (ed.), *Socialism and the New Class: Towards the Analysis of Structural Inequality Within Socialist Countries*, Flinders University, Bedford Park, 1978, p.3

³² John Anderson, *Studies in Empirical Philosophy*, Angus & Robertson, Sydney, 1962, pp.331-5

³³ Tim Dymond, 'A History of the New Class Concept', in Sawyer and Hindess (eds), p.9

³⁴ See for example John Carroll, 'Paranoid and Remissive: The Treason of the Upper Middle Class', Lauchlan Chipman 'The Children of Cynicism', and WD Rubenstein, 'Elites in Australian History', in Robert Manne (ed.) *The New Conservatism in Australia*, Oxford University Press, Melbourne, 1982

and their connections with overseas New Right figures. Although it appeared intermittently in political and media discourse until 1978, it was *The Australian* tax revolt that was responsible for popularising it, helping, in the end, to bring about a major discursive shift in Australia.

The American Proposition 13 campaign had used new-class discourse effectively to convince voters that the majority of their taxes went to funding the new class of elites within government and the various 'special interests' it supported. Therefore tax cuts would help 'battlers' and restrain 'elites'. *The Australian* followed this line inviting readers to identify as 'taxpayers' and therefore as victims and as battlers, while assuring them that cuts to welfare would do no harm to the poor. Among the charges against welfare workers were claims that they were, like the government that sustained them, totally removed from reality. They spent their time concocting grand, overblown and ultimately unrealistic programmes that were a waste of money for taxpayers and of no benefit to the poor. In addition the welfare worker was seen as a 'parasite' upon the taxpayer whose existence could not be justified. In the second week of the campaign *The Australian* published Irving Kristol's 'expert' opinion as evidence of this.

There are precious few social programmes that do not massively benefit middle-class professionals of all kinds—which is hardly surprising since it is these professionals who devised those programmes in the first place.³⁵

In addition it was claimed that welfare workers themselves would be the only ones to really suffer from a reduction in taxes and a consequent reduction in welfare spending. In fact, there really weren't that many poor people or 'far fewer truly poor... than the conventional statistics suggest'.³⁶

This notion of a new class of 'rent-seekers', whose primary concern lay not with the community they profess to help, but with their own career advancement, reinforced the 'us and them' discursive frame. It shifted the economic resentment that working

³⁵ Kristol, 'Proposition 13—What it all means'

³⁶ Ibid.

class people felt toward the wealthy and provided the 'new class' as the substitute for this resentment. It also reinterpreted the economic power dichotomy by constructing neo-liberal claims as the claims of 'battlers', while constructing the claims of the Left as 'new-class' claims concocted by 'rent seekers' who possessed power over the 'battler' without any legitimate claim to it. The authors in Marian Sawer and Barry Hindess's *Us and Them* have identified the use of this concept within the new-class discursive frame. But like the neo-liberal version of new-class discourse itself, the concept has not been traced back as far as *The Australian* tax revolt.

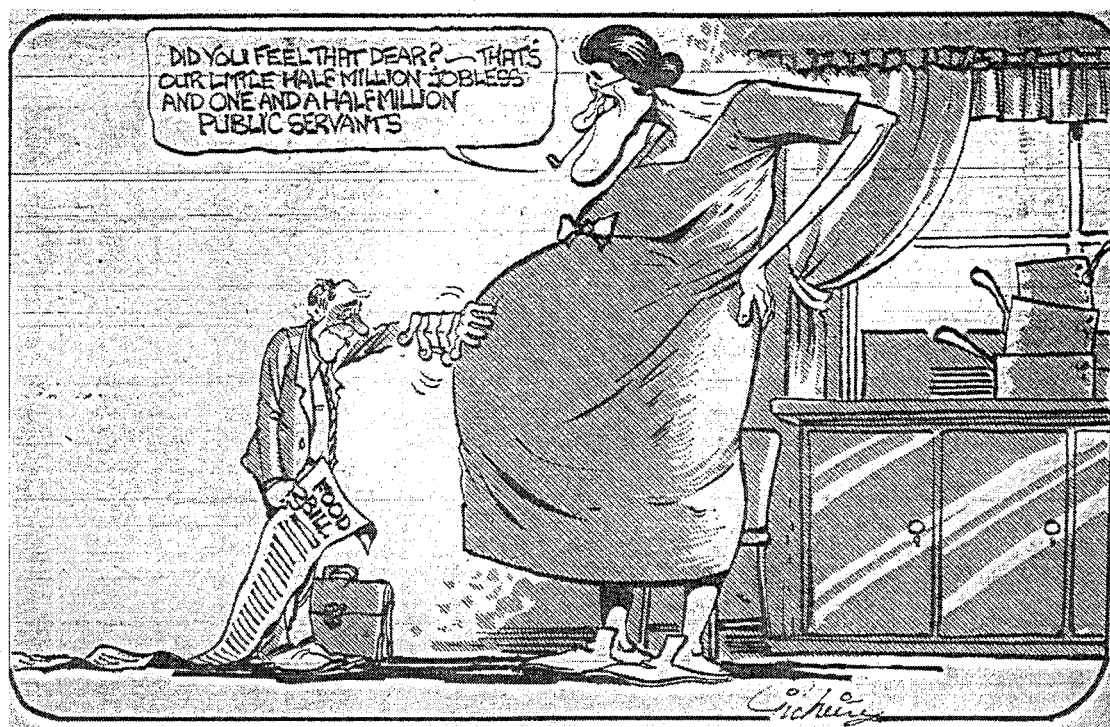
The Australian's campaign adopted the notion of the rent-seeking new class with enthusiasm, but rather than focusing on the welfare worker exclusively, it classed all public servants as part of a wasteful industry where the propensity to luxury on behalf of the employees outweighed the needs of the community. At one stage, reports claimed that the public service wasted taxpayers' dollars to buy exotic pot plants and lavish afternoon teas rather than using it to service 'the people'.³⁷ At the expense of the public servant and his or her lavish lifestyle, the money should be put back into the taxpayer's pocket. This would, of course, hold no negative consequences for anyone but the public servant whose 'free ride' was about to end. For others it would mean a reduction in financial burden.

A weekend editorial claimed that if tax money were to be returned to the pockets of taxpayers, they might better provide for themselves.

The one thing they [taxes] have in common is that each provides a means of getting money out of people's pockets into public treasuries – to pay for services the people may or may not want, provided by bigger and bigger bureaucracies... regardless of whether people might be able to do some of the things better and cheaper for themselves.³⁸

³⁷ Steven Warby and Alan Farrelly, 'The bureaucratic boob and bungle', *The Australian*, 19 July 1978, p. 7, and Alex Greig, 'The case of the \$20 sugar basins', *The Australian*, 25 July 1978, p.9

³⁸ Editorial, 'Simplifying our tax laws', *The Weekend Australian*, 1–2 July, 1978, p.8



Larry Pickering, *The Australian*, 13 July, 1978, p.6

The welfare worker was not cast as a luxury seeker when singled out. Rather he or she was cast as naïve and careless. His or her distance from 'reality' made it impossible to detect and prosecute 'welfare cheats'. In fact it was claimed that the welfare industry had no idea where money was going and had no intention of accounting for it. In an article titled "'Lack of data" on welfare' it was stated in an opening paragraph that 'a weakness exists in decision making for health and social welfare where the Federal Government spends about \$12,500 million a year'. Those who read further would have realised that the article referred only to Victoria and told of a lack of communication between data-collection agencies regarding statistics. This, however, did not stop the journalist concluding the story with a misplaced quote from the director of the Victorian Council of Social Services (VCOSS) stating 'at present there is not a generally agreed view about what many services provide'. The intention of the director of the VCOSS was to draw attention to the lack of investment in data collection; however, the impression given was one of the Department of Social Security handing out massive amounts of money with its eyes closed.³⁹ An article entitled 'The bureaucratic boob and bungle' told a similar story. It claimed in its opening paragraph that \$58 million dollars had been overpaid to pensioners and

³⁹ Bill Muldrew, ' "Lack of data" on welfare', *The Australian*, 19 July 1978, p.8

people on the dole in the previous year and that the Department of Social Security had made no attempt to recover overpayments to the value of \$10 million. The article implied that the welfare industry could not see what average Australians could see; that taxpayers were being 'ripped off' by welfare recipients. This of course reinforced the new class divide between those who possess 'common sense' and those who do not.⁴⁰

The Australian had its own experts to back up the opinion. Drawn from business, politics and right-wing think tanks, experts were brought out to explain to readers just what the functions of government should be. Vernon Wilcox QC was one such example. Wilcox's credentials were outlined in larger text under a head and shoulders photograph. He had been a parliamentarian for 20 years, 12 of them as a minister in Victoria's Liberal Government. He had also been a businessman for two years since leaving politics. The implication was that Wilcox had seen both sides of the fence. A reprimand of government from an ex-politician would surely carry weight. The article was titled 'Strangled by government' and stated:

There are important matters for government to attend to—the preservation of order in all its forms, transport and communication, defence, the entry of illegal refugees into Australia—to name some. However, you soon get into really expensive areas—for example education, health, welfare, and it is easy to wonder whether we get value for money...Government is active in many matters which are of no importance in terms of survival as a nation.⁴¹

An article, titled 'Tax discontent surfaces throughout Australia too' urged Australians to follow California's example and force the introduction of a tax-cut bill.⁴² It was placed next to Irving Kristol's larger article extolling the virtues of Proposition 13. Kristol declared the tax revolt to be 'a new kind of class war, the people as citizens

⁴⁰ Warby and Farrelly

⁴¹ Vernon Wilcox, 'Strangled by Government', *The Australian*, 7 July 1978, p.7

⁴² 'Tax discontent surfaces throughout Australia too', *The Australian* 13 July, 1978, p.7

versus the politicians and their clients in the public sector'.⁴³ The public sector and its clients were represented as oppressors of the people. 'The people', an under-defined group made up of anyone who paid tax and wanted to pay less, were constructed as the underdogs.

Both the Californian campaign and its Australian counterpart made it clear that 'the people' should regard the welfare state not as a provider, but as an enemy. The welfare state did not provide for 'the people'; it provided for 'others'; bludgers, special interest groups, public servants and out-of-touch intellectuals drawing financial benefit from the industry. By conveniently representing welfare in as narrow a way as possible both the Californian and *The Australian* tax revolt campaigns made it clear that 'the people' did not use welfare. *They* would not be adversely affected by the welfare reforms ensuing from tax cuts. Rather, 'the people' would at last see an unnecessary financial burden lifted.

Welfare waste – Disputing disadvantage

Like the American campaign, the Australian counterpart did its best to deny the existence of any real poverty in Australian society. Welfare recipients were seen as an unnecessary burden upon the taxpayer, primarily because they were not really poor and were in fact, all things considered, living more comfortably than the financially burdened taxpayer. In this sense it was regarded that taxes could be reduced without causing the welfare recipient any great pain. Instead he or she would merely be forced to cut down on luxuries. On 24 July an editorial reassured any doubters:

Welfare benefits should be paid not to put fruit on the sideboards of the well-to-do but bread and butter on the plates of those in real need. In this regard, welfare payments have got way out of kilter and the whole system must be reassessed.⁴⁴

According to *The Australian* a reassessment of the concept of 'financial hardship' was long overdue. In particular the paper questioned the necessity of unemployment benefit for a large portion of the unemployed, claiming that many in receipt of the

⁴³ Kristol, 'Proposition 13'

⁴⁴ Editorial, 'A scalpel, not an axe', *The Australian*, 24 July 1978 p.6

benefit were in fact not family 'breadwinners' but peripheral earners who had engaged in part-time or seasonal work before unemployment; usually bringing in a family's 'second or third income'. An article written by Tim Hewat and David Wilson, for the front page of the *Weekend Australian* made these claims, adding that a great deal of unemployment did not lead to hardship but to 'the crippling impact of unemployment benefits on income taxes' as these 'illegitimate' claimants 'dash down to the dole office to sign on'.⁴⁵ Apart from holding clear gender implications, this argument was simply not true. The 'second earner' in a family could not receive unemployment benefits if a spouse was still earning. *The Australian* also ran a campaign against married women in the workforce in 1978. Women's right to work was defended by feminists within bodies such as the Women's Electoral Lobby (WEL) and the Women's Employment Rights Campaign throughout the 1970s.⁴⁶

Whether true or not, the claims made by the article reinforced discourses that constructed taxpayers as the 'real' financial victims and welfare recipients as merely 'greedy'. Y. Bambling of Margate, Queensland agreed. In a letter published five days later, Bambling, a shopkeeper writing in support of the paper's 'tax revolt' identified with the notion of 'victim' while labelling welfare recipients as 'greedy' beneficiaries of taxation. Strangely, the letter indicated that readers, or perhaps Bambling in particular, had been 'invited' by the paper to write in with views on taxation. Had the paper been overwhelmed with letters supporting its views, this would have been unnecessary. Bambling's letter was headed 'Paying taxes for the greedy' and stated:

We are 'corner shopkeepers' at Margate in South-eastern Queensland and are not ones to whinge...[we] used to consider ourselves part of the silent majority – but not any longer.

The instances of waste of taxpayers' money particularly are too numerous to list here... By the time one deals with the local government, the State Government and the Federal Government, there isn't much of the cake left for us. And believe us we work hard, from 6am to 9pm seven days a week.

⁴⁵ Tim Hewat and David Wilson, 'The great tax burden', *The Weekend Australian*, July 15–16, 1978, p.1

⁴⁶ See chapter 8 for a fuller examination

We see abuse after abuse of the welfare system in which we are caught up in a fashion because of the number of people on welfare of one type or another in this area.

Suffice to say that those we observe on welfare never seem to need to deny themselves, in order—cigarettes, Vincents and Bex, soft drinks, potato crisps, confectionary, and fast foods.

We do not mind paying taxes for the needy but we most surely do resent having to pay taxes for the GREEDY.⁴⁷

Bambling represents the 'typical' profile of a letter writer published in a popular daily newspaper, as researched by Keith Windschuttle in his and Elizabeth Windschuttle's 1981 book *Fixing the News*. According to Windschuttle, the published letter writer is most often middle-class and most often identifies his or herself as 'one of the people', as part of a 'vast silent majority'.⁴⁸ In this the letter writer is encouraged by newspaper texts that also encourage people holding opinions in line with the opinions of the newspaper to view themselves as part of these categories. Bambling's rhetoric therefore reiterates and supports the rhetoric of the campaign, because the campaign has provided the writer with a discursive framework within which to interpret his or her own experience.

The impression given by Bambling and *The Australian* was that taxes could be substantially reduced without harming anyone, especially oneself. The reduction of taxes would simply mean a consequent reduction in waste. Greedy welfare recipients would be forced to tighten their belts and live a less hedonistic lifestyle, and those who lived under the stress and strain of taxes would have their financial burden relieved by cuts to public spending. The 'needy' of course would be well looked after, though they were never identified. The 'greedy', on the other hand, were everywhere. What seems ironic here is the fact that, according to the campaign, those who wanted to pay less tax at the expense of the livelihoods of welfare recipients were not seen as greedy. On the other hand, welfare recipients who depended upon taxpayers' money,

⁴⁷ Y. Bambling, 'Paying taxes for the "greedy"', Letters to the Editor, *The Weekend Australian*, 29–30 July 1978, p.6

⁴⁸ Keith Windschuttle, 'Sir, it's not often I write, but...' in Keith Windschuttle and Elizabeth Windschuttle, *Fixing the News: Critical Perspectives on the Australian Media*, Cassell Australia, North Ryde, pp.108–112

especially for 'luxury goods' such as 'cigarettes' and 'potato crisps', were by *The Australian* and Bambling's definition, 'greedy'. The identities of 'the needy' and 'the greedy' were reversed.

In order to emphasise the 'greed' of the 'willing' beneficiary, the campaign needed a contrast. Pensioners, it was claimed, were joining the tax revolt in protest against welfare waste and against the government's decision to tax income earned over a certain threshold. It was claimed that, like all of *The Australian's* 'taxpayers', pensioners preferred to earn more money and pay less tax than to see money redistributed to welfare beneficiaries, even if those welfare beneficiaries were themselves. The article, entitled 'Pensioners get tax revolt help', insinuated that help had been sought. Upon further reading, however, it could be seen that there were plenty of willing helpers but not many asking for help. The article announced a public meeting to be held by The Women's Action Group (an anti-feminist women's group), Brisbane Radio Station 4BC's talk-back host Haydn Sargent,⁴⁹ 'women's advocate' Barbara Bowers and Dr Wylie Gibbs, a former Queensland Liberal MP. Haydn Sargent was confident many would show. He had come into contact with pensioners on his talkback programme. 'They are not asking for more money, just the right to live with some dignity', he told *The Australian*.⁵⁰

The issue of tax breaks for individual groups was a complicated one. Though pensioners were awarded a position among the 'revolters', this seemed to have more to do with the fact that they could be made to appear as a force against big government and the welfare state. Unlike other disadvantaged groups they had never been identified as a 'special interest group'. Other 'special interest' groups who were awarded tax breaks by the government did not receive a place among the heroes. In fact, one group of people who had fought for and won a tax break, were depicted as part of the problem. Under the usual 'Join *The Australian* Tax Revolt' page heading on 21 July, it was reported that

⁴⁹ 4BC was owned by Commonwealth Broadcasting Corporation Pty Ltd, a company owned by the Albert family who had made their fortune in music publishing. See Symons, p.29

⁵⁰ 'Pensioners get tax revolt help', *The Australian*, 14 July, 1978, p.2

Aboriginal groups will pay tax on only 20 percent of royalties they receive from mining companies and then only at the lowest personal income level, the Federal Government announced yesterday.⁵¹

When placed next to stories of 'struggling' taxpayers and government sector waste, it seemed an obvious contrast. The story looked like an exposé of the government's pandering to 'special interest groups'. It carried none of the triumph one would have expected from a 'tax victory for the people' story. Rather it carried a feeling that Indigenous people were in cahoots with the government at the expense of 'the people'.

Us and them and supply-side economics

One of the key themes in the tax revolt campaigns in America and Australia was the idea that taxes should be lowered in order to provide an incentive to work. The shift from monetarism to supply-side economics that began after 1975 in the US and gained steam toward the end of the decade was reflected in the campaign for Proposition 13. Similarly, Australia had been undergoing a similar shift as economic ideas continued throughout the decade to be imported from the US, primarily via interaction between Australian and American economic think tanks. *The Australian* tax revolt, occurring in 1978, was therefore at the forefront of popularising the new economic theory. This theory, which is examined in further detail in the introduction to this thesis, posited that the single most effective way of achieving economic growth in a nation was to reduce taxes. Supply-siders used a theory invented by Arthur Laffer, called the Laffer curve, to argue that the more a person is taxed, the less incentive there is for that person to work. Therefore under circumstances of high taxation, a government may in fact gain less revenue from a worker than it would if taxes were lower and, spurred by the incentive of keeping a greater portion of their wage, the wage earner worked longer hours.⁵² Thus, tax cuts provide an 'incentive' to work which in turn contributes to national growth.

The campaign had already claimed that tax breaks and welfare cuts would benefit the disaffected and needy individual taxpayer. In addition, it was important to make

⁵¹ Steven Warby, 'Uranium royalty fixed for Aboriginals', *The Australian*, 21 July, 1978, p.3

⁵² Nigel Ashford, 'The Ideas of the New Right', in Grant Jordan and Nigel Ashford, (eds), *Public Policy and the Impact of the New Right*, London, 1993, pp.34–35

taxpayers feel that 'their revolt' was of benefit to more than just the individual. That it was not selfish. That it would, in fact, be of benefit to Australia as a nation. Readers were assured that their tax breaks would make the Australian economy stronger, and that 'high-income tax rates are a powerful disincentive. They make working hard a waste of time.'⁵³ An editorial titled 'Our taxes must be reduced' explained

Such an impost takes away incentive to work, to work harder to boost the economic cycle of a consumer society which creates demands for products, which increases productivity, which gives people more money to spend, which creates demand...⁵⁴

According to *The Australian* a tax revolt was, in fact, *needed* to keep the economy strong. Those who claimed that it was a campaign in favour of selfishness misunderstood it. Irving Kristol, regarded as an expert by the newspaper, agreed. His Proposition 13 article told readers of *The Australian* that 'professional interpreters of the social scene', no matter what they might say, simply 'don't quite understand' the motives behind the people's tax revolt. 'They see little more than a self-serving rebellion of the "affluent" against government spending which favours the poor and unfortunate'. Kristol did not provide a rebuttal. He told readers that people who said such things were 'enemies of growth', and that they were simply wrong – lacking common sense.⁵⁵

'Experts' claimed that tax had a negative impact on national production levels. A story titled 'Chamber hits at 'predatory' tax on incomes' quoted the Perth president of the ACCA, R. Reynolds, to this affect. The ACCA was, in 1978 one of the most powerful and financially capable New Right proselytisers in the country.⁵⁶ Reynolds claimed that the government was out of touch with middle-income earners and that the 46 per cent tax rate on incomes over \$16 608 was 'predatory and a complete disincentive to work'. Reynolds was also quoted as saying that the government, while remaining out of touch with the people, 'did not realise how deeply and negatively

⁵³ 'The tax revolt is here', *The Australian*, 13 July 1978, p.1

⁵⁴ Editorial, 'Our taxes must be reduced', *The Weekend Australian*, 22–23 July, 1978, p.8

⁵⁵ Kristol, 'Proposition 13'

⁵⁶ See Chapter 2 for a fuller explanation of the ACCA's role in New Right economic education campaigns and the funding sources for these.

heavy personal income taxation affects our community, both employer and employee'.⁵⁷

The use of 'experts' in favour of the tax revolt provided a strange contrast to much of the new-class discourse. Experts on the left who disagreed with the tax revolt and pointed out the negative consequences of proposition 13 were dismissed as mere 'commentators' whose opinion was worth nothing.⁵⁸ Through the testimonial of 'real' experts whose credentials were 'proven' through their support for the campaign, *The Australian* reinforced the New Right's claim that 'common sense' belonged to 'the people' while the new class of welfare workers, special interest groups and 'so-called intellectuals' could be dismissed as having none.

By implication, government and community workers, left-wing welfare advocates, and anyone in favour of maintaining or increasing the level of government spending in designated 'wasteful' areas was depicted throughout the campaign as either knowingly selfish, as in the case of 'rent-seeking' bureaucrats, or naïve about the economic 'facts'. The 'facts' were that taxes reduced incentives to work, therefore causing people to produce less and the government to lose tax revenue. In order to help others and to contribute to economic growth, it was claimed that people should support lowered taxation. This theory did not really take off in Australia after the tax revolt campaign, but it did appear more often, quietly gaining credibility among politicians who were following economic 'experts' and advisors in a move away from monetarism. In America however, its appearance in the Proposition 13 campaign preceded its full-scale adoption by the Reagan Government in 1980.

Enemies and allies of 'the people' in politics

The Fraser Government, *The Australian* claimed on more than one occasion, had been elected to 'cut public spending and continue on the path of lower taxation'. It had 'correctly' foreseen 'that public opinion was turning against public spending'.⁵⁹ In light of this, it seemed obvious that the government had turned its back on 'the people' and no longer represented their interests. Editorials claimed that the proposed

⁵⁷ David O'Reilly, 'Chamber hits at "predatory" tax on incomes', *The Australian*, 24 July, 1978, p.2

⁵⁸ Kristol, 'Proposition 13'

⁵⁹ Editorial, 'The dangers of a tax on spending', *The Weekend Australian*, 15-16 July, 1978, p.6

introduction of new taxes such as the Value Added Tax proved this.⁶⁰ It could therefore hardly expect taxpayers to foot the bill for its wasteful schemes. In an editorial titled 'Our taxes must be reduced' the idea of government's 'reciprocal responsibility' was emphasised. No longer did government responsibility reflect the post-war notion of the 'safety net', in fact, quite the opposite. A front page article on 13 July, headed 'The tax revolt is here' claimed:

What [the government] must do is stop backing away from its responsibilities. It must cut expenditure—hard. It must stop financing its big deficits with our tax money. It must abandon Welfare State politicking and give the leadership it was elected to give. Above all it must give the people what they want—not what it and its bureaucracy think they should want. It must realise that the tax revolution is more than a catch-cry. It is a movement with muscles provided by angry taxpayers who don't believe that the government and the bureaucracy is providing value for money.⁶¹

Gone was the idea that the government's contract with the people involved providing incomes to the disadvantaged and essential services for all. In fact now that notion represented a *breaking* of the contract between government and the people. According to the tax revolt campaign, and to neo-liberals calling for lower taxes during the 1970s, the contract should now read 'minimal interference' instead of 'maximum care'.

Other politicians were keen to attach themselves to the campaign in an attempt to prove their credentials as champions of the people. The newspaper promoted these politicians while others, especially those considering new taxes, were assailed. In particular an attack was mounted on the Victorian Liberal Premier Rupert Hamer, whose new land tax schedule was singled out for attention. Using a similar rhetoric to that applied during the Proposition 13 campaign that focused on the constitutional right of American citizens to own land without 'interference', *The Australian* claimed that 'an Australian who owns a piece of Australia should not be sluggish for doing so.

⁶⁰ Editorial, 'The tax revolt is here', *The Australian*, 13 July, 1978, p.1

⁶¹ Ibid.

The Victorian Government will be well advised to treat the protests seriously and do something about them if it values its political future.' Drawing again on supply-side economic discourse it added: 'Income tax takes away the incentive to work and earn'.⁶² Oddly, this editorial appearing on 11 July provided a contrary view of Fraser's attempts to shift the tax burden to indirect taxes to the one that appeared on 13 July. When compared with Hamer's property taxes, Fraser's indirect taxes appeared to 'allow people to get more of their earnings in their pay packet and decide for themselves how much in taxes they will pay by the way in which they spend their money.'⁶³ The editorial was, however, keen to point out that indirect taxes were only *preferable* to direct taxes on wealth by way of property or income tax. They were no substitute for smaller government.

Others joined the attack on Hamer's land tax via *The Australian*. The Lord Mayor of Melbourne, Irvin Rockman, wrote to criticise Hamer and offer support to the tax revolt campaign. He encouraged readers to look to the recent US campaign and urged governments at every level to take heed:

All governments at every level (Federal, State and local) should pay attention to the mood of America where Amendment 13 in California has shown that people have had enough as far as paying taxes is concerned. Upper limits are too easily reached and governments do not have the answers to all the problems. Collecting taxes and spending more may not be the answer to the economic problems that face this nation at this time.⁶⁴

In contrast to the Victorian Government, the Queensland State Government's efforts on behalf of the tax revolt were lauded and publicised accordingly. The Liberal Deputy Premier and Treasurer of Queensland Sir William Knox, was a key figure linked to the revolt, and his views such as 'average workers are paying a millionaire's

⁶² Editorial, 'The tax revolution is rolling on', *The Australian*, 11 July, 1978, p.6

⁶³ Ibid.

⁶⁴ Irvin Rockman, 'Taxation may not be the answer', Letters to the Editor, *The Australian*, 25 July 1978, p.8

tax', were given ample space.⁶⁵ *The Australian* represented Knox as the people's politician, whose battles to make other politicians 'see sense' reflected the battle between big government and the people themselves. His ire was directed at federal government and, as 'tax revolters' in America had done with great success, he claimed that lower taxes would not result in decreased benefits and services for the 'ordinary taxpayer', rather, 'if the Federal Government paid more attention to pruning expenditure in non-productive areas, then there might not be any need to start penny-pinching at the expense of miners, policemen, railway workers and teachers in the bush.'⁶⁶

Public political support for the campaign was not limited to the Liberal Party. Some Labor politicians were also eager to tie themselves to the tax revolt. The leader of the Victorian Labor Party, Frank Wilkes, keen to offer an alternative to the 'high taxing' Hamer Government claimed that 'the average family is being made the prisoner of its home and family holden' and that Labor would decrease the tax burden on the 'average family' if elected to office. In stating this Wilkes not only offered an alternative to Hamer and the Liberals, he also offered an alternative to the Labor Party 'of old' by aligning himself with calls for economic justice for individuals and families at the expense of communities and social groups. By aligning himself with *The Australian* tax revolt Wilkes represented a general discursive shift occurring in the ALP, as many of its members began to compete with members of the Coalition on these terms.

Conclusion

When the Budget arrived it did not include the Value Added Tax. In a later conversation, Doug Anthony told Hollings that *The Australian* had been 'convincing' in its attempts to stop the introduction of any further taxes in the 1978 Budget.⁶⁷ The effects of the campaign resonated among politicians for many years. While Hollings was deputy chairman of the Sydney Institute in the 1990s, former finance minister for the Hawke Labor Government, Peter Walsh, had been invited to speak. Among other

⁶⁵ Max Jessop and Peter Stephens, 'Taxes shake-up in two states: Hamer joins moves for 5c petrol levy', *The Australian*, 21 July, 1978, p.1

⁶⁶ Joe Begley, 'Libs revolt over higher tax threat: warning of backlash by voters', *The Australian*, 19 July, 1978

⁶⁷ Hollings, p.46

things he mentioned that as Hawke's Treasurer Paul Keating had at one stage considered introducing a Value Added Tax. The other ministers dismissed the idea fearing that *The Australian* would run a campaign similar to its 1978 tax revolt.⁶⁸ They needn't have worried. The campaign, though taken seriously in political circles, failed to move the public to action. Despite this, Hollings regarded the campaign as a 'success'.⁶⁹

By the time the Budget was handed down, the campaign had achieved, in an immediate sense, what it set out to do. In another sense it had popularised and Australianised an American New Right discourse, constructing a new frame within which those identifying as 'the people' could view social justice claims and those who made them. In addition it had reinforced shifting notions of economic justice that favoured the individual over communities and social groups, now regarded as 'special interests', while promoting as 'defenders of the people' politicians who claimed to adhere to the same. For this reason the campaign should be regarded not merely as a short-term victory for Hollings, but as a long-term victory for the New Right.

⁶⁸ Ibid.

⁶⁹ Ibid, p.47

Unemployment benefit policy and the naturalisation of fiscal restraint

After the stagflation of 1974, economic policy in Australia was framed as a response to the sudden and worsening economic 'crisis'. The 'crisis' was discovered to be economic-theoretical, Keynes no longer worked; political, Whitlam's grand social spending had been a mistake; and idealistic, the lofty ideals associated with the welfare state were no longer viable. These three things together had caused the 'crisis'. Americans had been saying the same since their own stagflation in 1969. As Carol Johnson has pointed out in her book *Governing Change*, discourses of 'crisis' and necessary change accompany particular policy agendas and justify their implementation.¹ The discourse of economic crisis constructed by the New Right in Australia following the 1974 stagflation proves an exception to this argument. This chapter will argue that the policy 'crackdown' on dole bludgers post-1974 constituted a *response* to this discourse of economic crisis while simultaneously perpetuating it. Both the Whitlam Government in its final two years and the Fraser Government throughout its eight-year term developed welfare policy that in one way or another incorporated the discourse of crisis. In doing so, they contributed to the naturalisation of the New Right hegemonic project by framing unemployment benefit policy as an issue closely tied to the need for fiscal restraint.

Windschuttle and Mick Young have both examined the policy 'crackdown' on dole bludgers in the latter-half of the 1970s. While Windschuttle argues that this 'crackdown' stems from the Fraser Government's desire to redirect attention from the failing economy, Young regards it as a response to public unrest spurred on by the media's dole-bludger campaign. This chapter will therefore differ from existing historiographical

interpretations of the policy 'crackdown' by arguing that unemployment benefit policies aimed at removing 'dole bludgers' and other 'illegitimate' claimants from unemployment benefit constituted a response to the New Right discourse of 'economic crisis', a discourse that also incorporated 'welfare waste' as a factor contributing to this so-called 'crisis'.

From 1974, a commitment to removing 'dole bludgers' illegitimately 'swelling the ranks' of the unemployed contributed to an image of 'economic rationalism'. Via unemployment benefit policy formation, both the Whitlam and Fraser Governments projected an image of a welfare state that could be significantly reduced to stem the crisis, without any harm coming to 'genuine claimants'. This policy shift is vital to our understanding of how the dole bludger was constructed, not because it constituted a response to the media dole-bludger campaign, or because it was a means of covering up a failing economy, but because it *reinforced* dole-bludger discourse, solidifying the idea of a dole-bludger 'problem' by providing policy solutions.

Economic 'crisis' and the Whitlam Government

During the Labor Government's three-year term from December 1972 to November 1975, Australia reached the OECD average level of spending on social welfare after lagging significantly behind for many years.² Increased spending on social welfare was accompanied by a new 'social democratic' philosophy based on 'ensuring not only the provision of all material needs but also genuine opportunities for social and cultural satisfaction'.³ To these ends a Social Welfare Commission was established to help instruct the government on policy formation. Part of the Commission's role was to seek out new groups and previously unrecognised needs for the government to address. In developing this approach the government took advice from the Brotherhood of St Laurence and the Poverty Commission.⁴ This advice ranked rather more highly than any

¹ Johnson, *Governing Change*, p.3

² Grant Elliott and Adam Graycar, 'Social Welfare', in Patience and Head (eds), p.88

³ Social Welfare Commission, Annual Report, 1975, cited in *ibid.*, p.94

⁴ Elliott and Graycar, p.95

advice received from Treasury or from business organisations such as the IPA. It would have been very strange for anyone to expect the reverse.

Part of the government's approach to social welfare involved a re-write of punitive welfare policies such as the work-test for unemployment benefit recipients. As Minister for Social Security, Bill Hayden informed the Minister for Employment and Industrial Relations, Clyde Cameron, that he was keen to develop a work-test policy in tune with the notion of human rights in a 'free, tolerant, liberal society'.⁵ In line with this, claimants were given a large amount of autonomy over job choice where none had previously existed. References to the claimant's character, appearance and lifestyle were also removed. In the previous work test, if these were deemed to be of a nature unacceptable to an employer, the unemployment benefit could be cancelled or denied. As I have argued in Chapter 5, while these policies were regarded as radical at the time, this had to do with their departure from the previous notion of welfare as a last resort 'safety net', and as a system through which the claimant could be reformed. The Whitlam Government's welfare policies were regarded by some conservatives as dangerous to the character of the claimant and therefore to society. Claims to this effect included the discovery of commune dwellers, hippies and surfies living on the dole and refusing to work. Outside of business organisations such as the ACCA and think tanks such as the IPA, the effect of social welfare on the economy ranked very low in people's minds. In 1974 this ceased to be the case.

A mild stagflation had already hit Australia in 1972. It went relatively unremarked. Partly due to its size, and partly due to the absence of a contesting force such as the New Right, it was not heralded as the end of Keynesian economic theory. By the time that unemployment and inflation rose sharply in 1974, the formation of a New Right network in Australia was well underway. This stagflation, then, represented a 'crisis' of Keynesianism and a 'crisis of government' by the New Left. As the previous chapters in this thesis have argued, the New Right discourse under development in the Australian

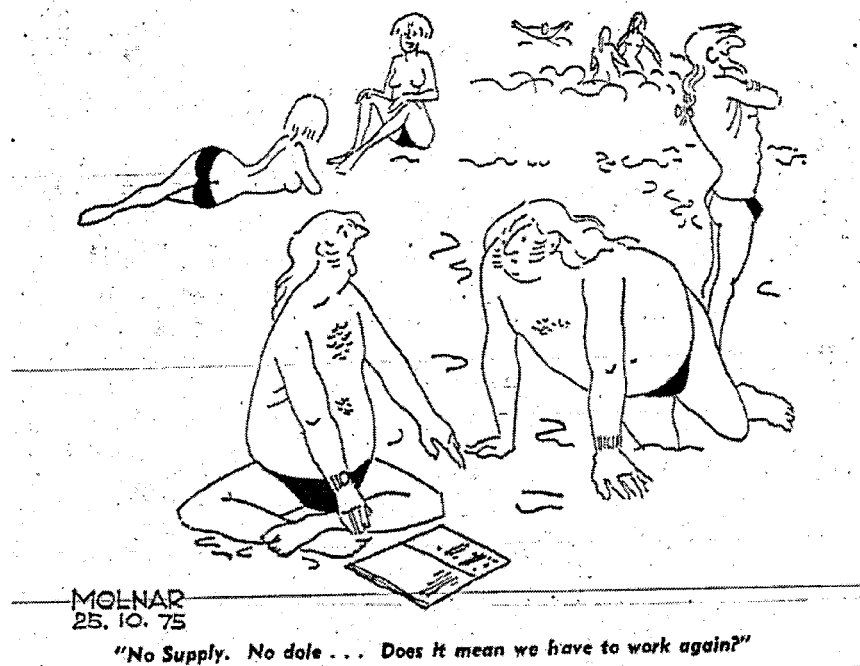
think tanks and Treasury was adopted by the Liberal and Country Parties and by the media in the wake of stagflation. Accordingly, these voices called upon the Whitlam Government to prove it could govern its way out of the 'economic crisis' by applying sound policies of fiscal restraint, particularly in the field of welfare policy. Old arguments about human rights versus character reformation, and 'safety net' versus social integration, gave way to 'urgent' economic concerns about the size of the welfare sector and its drain on the economy. From 1974 onward the Labor Party underwent a shift to the right that continues to this day. This shift was in part an electoral strategy. Through the shift, the party intended to overcome the discourse of crisis. In some respects though, prominent members of the party were beginning to adopt New Right ideas on economic management.

In March 1974 Clyde Cameron and Bill Hayden set about reversing many of the new policies on unemployment benefit. An inter-departmental committee was established to examine the existing policies and to advise appropriate action. Cameron represented a new face for welfare policy and as Chapter 5 has pointed out, the media for the most part applauded the move. He assured parliament and the media that although unemployment benefit policy had created 'dole bludgers' under the Hayden reforms, corrections were now being made. The LCP and the media had made much of Hayden's reforms to the work-test guidelines and their impact on the number of claims. It was stated that lax administration had led to a 'swelling of the ranks' as workers and school leavers, particularly youth, began to see the unemployment benefit as an alternative to work. This, in itself was said to contribute to the economic 'crisis' by reducing demand for low-wage jobs and therefore artificially increasing wages. Newspaper reports told the plight of employers who could not get labour for production jobs and fruit picking and of the consequent effects on private industry.⁶ The May 1974 procedure manual for Social

⁵ Australia Department of Social Security, Letter from Bill Hayden to Clyde Cameron, 21 December, 1972, cited in Law, p.205

⁶ See for example: 'Check jobless more closely, employers say', *Advertiser*, 20 February 1973, p.3; 'Some workers found unwilling', *Sydney Morning Herald*, 22 February, 1973, p.1; 'Jobless students warned', *Advertiser*, 11 December 1973, p.3, 'More jobs than jobless in NSW', *Sydney Morning Herald*, 11 March 1974, p.1, 'Two vacancies for every job hunter', *Sydney Morning Herald*, 21 June 1974, p.3

Security officers reinstated the old work-test clauses relating to the appearance and character of the claimant and removed the claimant's right to autonomy over job choice. This shift was the first in a series of moves intended to prove the government's economic management credentials in the area of social welfare policy.



George Molnar, *Sydney Morning Herald*, 25 October, 1975

In September that year the government's budget was handed down. To the new proponents of fiscal restraint it represented another high-spending budget and therefore evidence of further crisis to come. Social welfare spending had remained steady partly due to the Regional Employment and Development Scheme (REDS) established by Clyde Cameron in 1974. The scheme at first appeared as a cost-saver for social welfare. It removed recipients from the unemployment benefit rolls and shifted them to a cost centre within the Department of Labour. Within a year 26 600 people had gained work with REDS projects. Participants were involved in landscaping projects, drainage installations, and the development of public recreational facilities. Some 36 000 more were indirectly

employed.⁷ Despite the removal of cherished ALP initiatives such as the Capital Gains Tax, introduced only one year earlier, the budget was not welcomed by the business community.⁸ The 'business community' was at this time a major part of the New Right network in its guise as the ACCA and the IPA. Its representatives therefore called for lower government spending overall not new initiatives. As I have argued in Chapter 2, it particularly did not wish to see these initiatives in the social welfare sector.

In 1975, Whitlam attempted to reinvent the party by initiating a cabinet reshuffle. Bill Hayden replaced Cairns as Treasurer. Hayden had by this time shown some flair for 'economic restraint' in his bid for the job. As Minister for Social Security he had presented a package of proposals calling for 'fiscal expenditures to be pruned heavily...aimed at shifting the burden of economic measures before we have too serious a collapse in the private sector'. He added 'in any case our spending proposals in total seem too grand in scale for the present circumstances.'⁹ In his 1975 budget speech he adopted an 'inflation first' approach. His references to unemployment were few and far between; at one stage claiming 'more inflation seems to lead to more unemployment'.¹⁰ Hayden's desire to bring down a responsible budget employing 'sensible' policies of fiscal restraint also involved the abolition of the REDS scheme. Despite its relatively small cost at \$250 million a year, REDS had been widely criticised as an irresponsible policy and as a waste of money. It represented for the New Right a further expansion into areas that should be 'naturally' determined by the market.

These moves seem to be part genuine conversion and part political strategy. In his memoirs, Hayden writes vociferously about his antipathy toward the new class of welfare professionals throughout the latter two years of the Whitlam Government, indicating that a desire to 'cut off their supply' was in part a driving force. He also writes of feeling at the time that poverty wasn't really as bad as people, including Ronald Henderson and

⁷ Bill Guy, *A Life on the Left: A Biography of Clyde Cameron*, Wakefield Press, Kent Town, SA, 1999, p.304

⁸ Hughes, *Exit Full Employment*, p.101

⁹ Cited in *ibid.*, p.115

¹⁰ Cited in *ibid.*, p.115

what he refers to as 'the welfare industry', made it out to be. What the welfare industry needed, according to Hayden, was a good taste of market reality.¹¹ In addition he claims that 'reality' taught him a lesson that drove him toward economic rationalism; this lesson being: 'the more government expands and intrudes its functions into our private lives, the greater the tendency for the free expression of human will and creativity to be prohibited.'¹² However, this may be a result of Hayden's ideological position in 1996, the year in which his memoirs were published, rather than a true reflection of his thoughts in 1975.¹³ New initiatives were designed which seemed to contradict the government's economic rationalist direction, among them the Social Security Appeals Tribunal (SSAT), initiated by Hayden in 1975, prior to his taking up the role of Treasurer.

Policies of fiscal restraint were at least in part designed to stave off Fraser's calls for an early election based on the government's handling of the economic crisis.¹⁴ 1974 and 1975 signified a new direction in social-welfare policy making. Highly publicised areas of social-welfare spending had been cut and rules tightened for the receipt of benefit. These were presented to the public as 'good', 'sensible' policies aimed at achieving a diminished role for government. The election of the Fraser Government in December 1975 led to a further naturalisation of restraint as the ideal in welfare policy. Attempts to prove the New Right economic credentials of the government would also lead to the removal of vulnerable groups publicly criticised as 'illegitimate claimants' overloading the welfare sector, and to random removals aimed at proving that dole bludgers were 'at last' being rooted out.

The Coalition and random removals – Bringing down the numbers

The Fraser Government offered itself as the solution to Whitlam's economic crisis, yet in spite of its self-proclamations, the government increased spending on social security throughout the years 1975 to 1983. As Rob Watts has convincingly argued, the Coalition

¹¹ Bill Hayden, *Hayden, an Autobiography*, Angus & Robertson, Pymble, 1996, pp.191–92

¹² *Ibid.*, pp.180–198

¹³ This was also the year in which political commentators, both supporters and detractors, searched for an answer to the ALP electoral defeat and came up with Keating's support for the 'new class'.

¹⁴ Hughes, *Exit Full Employment*, p.116

was unable to wind back social security spending during these years not due to any deeply held 'secret' commitment to income redistribution, but due in large part to the government's own 'inflation first' policies which themselves contributed to the sharp increase in poverty and unemployment, increasing also the number of people eligible for benefits. In addition, the number of aged Australians rose during these years resulting in a larger number of pension claims.¹⁵ The growth in eligible claimants in these categories alone ensured that redistribution to low-income earners increased in real terms by 11 per cent.¹⁶ Despite this fact, Fraser did attempt to restrain the rate at which social security spending increased, even if these attempts were largely unsuccessful. As a percentage of GDP, social security spending increased from 6.9 per cent in the 1975-76 financial year to 8.2 per cent in 1977-78, decreased slightly during the next three years before hitting 8.8 per cent in Fraser's last budget in 1982-83.¹⁷

There is evidence, however, that increases in social security spending during the Fraser years did not amount to a redistribution of income in the direction of the poor. Although spending on the unemployed increased from \$250 million in 1974-5 to 564 million in 1978-9, it did so only because the number of people in receipt of unemployment benefit also increased.¹⁸ In actual fact the real value of unemployment benefits in 1982 was 22 per cent lower than it had been in 1975. The government presided over a redistribution of income away from low-income earners in the direction of the already socially and economically advantaged.¹⁹ But while expenditure increased, these facts could do very little to shore up the government's image as the party of 'rational' economic management. In the absence of actual decreases in social security spending, the government looked to grand gestures to secure its image. This in practice meant that high profile and controversial areas of social security expenditure were attacked and numbers were

¹⁵ Rob Watts, 'In Fractured Times: The Accord and Social Policy under Hawke, 1983-87', in Richard Kennedy (ed.), *Australian Welfare: Historical Sociology*, Macmillan, Crows Nest, 1989, p.107

¹⁶ Ibid.

¹⁷ *Budget Papers 1983-84*, cited in *ibid.*, p.106

¹⁸ Macintyre, *Winners and Losers*, p.92

¹⁹ Watts, p.109

artificially lowered through random removals. The media publicity gained from these curtailments alone reinforced the government's claims.

The first budget handed down by the LCP announced that in spite of increasing unemployment the expected outlay for unemployment benefit would be \$49 million less than the previous financial year.²⁰ This would be achieved through 'sensible' economic management and fiscal restraint. In 1977 it was suggested that the numbers would be cut by a third.²¹ In 1978 a further \$9 million was to be cut from unemployment benefit expenditure.²² The government vowed to make these reductions by cutting the 'waste' within the welfare sector. This meant hunting down and removing the 'dole bludgers' who had been allowed to artificially inflate the unemployment benefit figures under the previous administration. In reality, attempts to reduce the unemployment benefit figures resulted in random removals. The effect, however, was a public declaration of 'economic responsibility'. On 22 November 1976 a memo sent by the Assistant Director of the Department of Employment and Industrial Relations to all employment office managers reflected a desperate attempt to remove claimants by whatever means possible.

We all know that whenever we take time out to make a close scrutiny of our applicant registers we find some portion of the applicants can for one reason or another be referred or lapsed. What I would therefore like you to do before the onset of the Christmas rush is to take a personal interest in how best you may achieve what I might loosely term 'rock bottom' level in the applicant register.'²³

As early as April 1976 the Minister for Social Security, Senator Margaret Guilfoyle, prepared a telex for senior office management claiming a need to reduce the number of unemployment beneficiaries. To achieve this she ordered an intensification of field officer

²⁰ Bill Hayden, MP, *House of Representatives Parliamentary Debates*, 14 October 1976, p.1691

²¹ Les McMahon, MP, *ibid.*, 15 March 1977, p.195

²² John Howard, MP, *ibid.*, 17 August 1978, p.434

²³ Assistant Director, Department of Employment and Industrial Relations, to all office managers, 22 November 1976, *Commonwealth Record*, 31 January–6 February 1977, pp.110–111

activity. Overworked-staff were assured that additional resources would be made available to meet the increased workload as soon as enough beneficiaries were removed from the registers.²⁴ By 1978 the number of investigating officers had increased two-fold. At least as early as February that year a saturation survey of unemployment benefit recipients was ordered.²⁵ This involved a combination of unannounced in-home interviews, office interviews and postal questionnaires. The in-home interview was comprised of 12 pages of questions and included space for neighbours' comments about the unemployed persons comings and goings.²⁶ Newspaper reports declared the 'blitz on dole bludgers' a success and suggested that the number of beneficiaries removed was somewhere between 30 000 and 60 000.²⁷ This accorded quite nicely with the Prime Minister's prediction that a reduction in unemployment would occur shortly after February 1978.²⁸

The practice was so successful it was continued and again intensified in 1979. On 23 March the Director-General of Social Security, Patrick Lanigan, issued a telex urging review officers to concentrate on nothing else.

Notwithstanding the resource problems in your State, it is now mandatory that all reviews required by the review team report shall be made in relation to unemployment benefit, even if this means that other work which is not absolutely essential must be deferred. In particular it is now mandatory that the recommended field officer visits be conducted at three monthly intervals even if this means that field officers will not be available for mode of living checks or other work which is desirable but has a lower priority. In other words there is a simple rule that we do the

²⁴ Cited in Graeme Brewer, *Rough Justice: A Study of the Cause and Effects of Termination of Unemployment Benefits*, Brotherhood of St Laurence, Fitzroy, 1978, p.18

²⁵ 'Dept checks up on the jobless. 250 inspectors in the field', *Sydney Morning Herald*, 13 February 1978 p.1

²⁶ Australia Department of Social Security, Report on Bondi and Dee Why Projects, 26 March 1979, cited in Law p.250

²⁷ Senator Don Grimes, *Senate Debates*, 10 April 1978 p.1031

²⁸ 'Dept checks up on the jobless', *Sydney Morning Herald*, 13 February 1978, p.1

prescribed inspections in relation to unemployment benefit and then do as much as we can elsewhere. Your co-operation in ensuring that this vital policy will be faithfully carried out will be appreciated.²⁹

The pressure to remove recipients from benefit was enormous. Despite the obvious achievements in this area, the message from above indicated that the government was still not satisfied. Two months later the Director-General sent another telex. This was subsequently leaked to the *Australian Financial Review*. It urged the review officers to 'proceed flexibly' when determining who may and may not be eligible for benefits. In addition it suggested a number of methods by which officers may remove claimants from the rolls.³⁰ Under these conditions it is hardly surprising that administrative procedures were indeed applied 'flexibly'.

Of the reasons cited for benefit removal during this period, 'incorrect address' was one of the most common. Though it seemed to indicate fraudulent activity of some kind and was often represented in this way, 'incorrect address' was in fact a random method of removal. It most often meant that a field officer had visited the address supplied by the claimant but that no one had answered the door.³¹ The claimant was given 24 hours to contact the CES office at which the field officer worked. If this did not happen the claimant was removed from benefit. Further problems arose for claimants who were not at home when a 'suitable position' became available. On these occasions a standard letter was delivered:

Dear.....

A position that should suit you is now available and I would like you to call at this office immediately.

If you were not at home when this letter was delivered please contact my office as soon as possible.

²⁹ Telex from the Director General of Social Security, 23 March 1979, cited in Young, p.30

³⁰ Senator Colston, *Senate Debates*, 29 May 1979, p.2226

³¹ Brewer, *Rough Justice*, p.42

If I do not hear from you within 24 hours I will assume that you no longer require employment assistance and as you are in receipt of Unemployment Benefit I will be obliged to advise the Department of Social Security accordingly.

Yours sincerely...

On other occasions the work test was applied with extreme liberality. As a pamphlet distributed by the King Street Job Centre in Melbourne suggested, an officer could make a recommendation for the cancellation of benefit if the claimant opened the door in his or her pyjamas.³² This apparently proved a lack of work effort on the part of the claimant.

In a number of cases, however, the reason for termination was not recorded. Investigating officers and office-based CES workers frequently failed to provide clear reasons (or any reasons) for the termination of benefit. This meant, however, that if the claimant appealed, the appeal would be upheld, and a CES instruction warned investigating officers against this approach.³³ If some officers provided no reason for termination, others provided a broad range of reasons. In Graeme Brewer's study of unemployment benefit terminations, published in 1978, some claimants indicated that the reasons for termination were altered depending on the circumstances.

Clients might go to considerable trouble to find out from the Commonwealth Employment Service and Social Security which job they were alleged to have declined. They might then go to some lengths to explain that there were good reasons for not taking a particular job, only to be told then that there were other reasons for non-payment, for example, failure to keep a Commonwealth Employment Service appointment, or to attend an interview with an employer.³⁴

³² Windschuttle, Appendix A

³³ Brewer, *Rough Justice*, pp.54-5

³⁴ *Ibid*, p.50

The appeal figures for this period indicate the frequency of random determinations. In the 1976–77 financial-year alone, the number of appeals finalised by either the DSS or the SSAT reached 18 090. Of those finalised only 53.2 per cent were upheld.³⁵ Of appeals lodged with the Social Security Appeals Tribunal (SSAT) from 1 July 1976 to 30 June 1979, 82.4 per cent were in relation to unemployment benefit.³⁶ The fact that official figures show almost half of all appeals were ‘upheld’ indicates that terminations in these cases were not legitimate work-test breaches. This, however, did not stop the government from representing its random administration as a systematic ‘crackdown’ on ‘dole bludgers’, the symbols of financial permissiveness and welfare waste. Random removals and work tests, however, were not as effective in proving the government’s economic management credentials as systematic category removals. While the former provided a quick fix to the rising rates of unemployment beneficiaries, it often meant a great deal of work for the DSS and an almost certain restoration of benefit. By removing whole categories of recipient the government could publicly fulfil its role as the government of responsible economic management. These two methods existed side by side during the Fraser period.

Category removals – School leavers

One of the easiest ways in which the government could prove its commitment to fiscal restraint was via the removal of whole categories of ‘illegitimate’ claimants from the unemployment benefit registers. According to Laurie Daniels, Director General of Social Security at the time ‘Senator Guilfoyle regularly got letters from the Treasurer and the Prime Minister, asking her to specify areas of benefit which could be curtailed or refused or eliminated.’³⁷ While simultaneously expanding its welfare spending in other areas, the government chose to remove two vulnerable and publicly criticised categories of claimant. These two categories were the public face of welfare gone wrong. Their

³⁵ Australia. Administrative Reviews Council, *Report on Social Security Appeals*, vol 1 1980, pp.68-69

³⁶ Ibid. p. 30. The number of appeals upheld by the DSS and SSAT is almost certainly greater than the figures indicate. This is because the principles and procedure manual for the SSAT system instructs DSS officers to record any upheld appeals as ‘lapsed’. See: Department of Social Security, *Social Security Appeals System – Principles and Procedure*, December, 1974, p.2

removal would symbolise a new 'sensible' direction in welfare policy making. In 1976 the government removed school leavers from eligibility until the start of the following school year. In 1977 it began to remove Indigenous people from the rolls, transferring them instead to the CDEP scheme, a cost centre within the Department of Aboriginal Affairs. These two categories of claimant shared in common their status as symbols of Whitlam's irrational welfare state. School leavers had been constructed as the main offenders when it came to dole bludging, while Indigenous people were represented by the New Right as a special interest group receiving benefits at the cost of 'average Australians', or, alternatively, as 'victims' of Whitlam's ill-conceived programmes. By removing these two categories, the government could appear to be responding to the economic crisis by making a clear break with the 'irrational' policies of their predecessors that had resulted in 'dole bludging' and other illegitimate claims. In addition it was believed that the removals would inspire support from the electorate and, in the case of Indigenous people, from the community leaders themselves.

The policy decision to remove school leavers from unemployment benefit for the period of the school holidays came to the attention of the media when a fourth-form school leaver from Clarence High on Hobart's Eastern Shore issued a writ to sue the Commonwealth Director of Social Services, Laurie Daniels; the Tasmanian Director, Brian Wraith, and the Commonwealth Government after her unemployment benefit claim was rejected at the end of 1976.³⁸ A letter was issued to all school leavers who applied for the benefit. It stated that: 'As a general rule, persons who leave school in November or December will not be in a position to meet the conditions of eligibility for unemployment benefit until the end of the school vacation'.³⁹ In most states this equated to three months without subsistence.

³⁷ Laurence Daniels, Former Director-General of Social Security and Director of the Department of the Capital Territory. Interview with Vivienne Rae-Ellis, [transcript] Canberra, 1981, p.67

³⁸ 'School leavers issue writs', *The Mercury*, 27 December 1976, p.2

³⁹ *Green v Daniels and Others*, High Court of Australia, Melbourne, 4, 7, 9 March, 15 April, 1977, Australian Law Reports, 13 ALR 1, p.7

The policy on school leavers brought into play a discourse that had already framed young unemployment benefit recipients as dole bludgers. It was supported by claims that youth did not need welfare benefits at all. The provision of benefits to youth was declared an irrational waste of taxpayers' money and a probable disservice to the recipient. All school leavers were to be denied benefit until the beginning of the next school year. This policy fell somewhere between a direct denial of benefit and the newly re-introduced postponement provisions. While postponement of benefit had been abolished under the Whitlam government as being contrary to its social and economic objectives, the newly elected Liberal Government saw postponement as an ideal way of shifting the duty of care to the individual school leavers and their families.⁴⁰ In March the case proceeded to the High Court. After four days of deliberation throughout March and April Justice Stephen declared that the Social Services Act could not support the government's policy on school leavers. As no legislation had been enacted to incorporate a rule such as this into the Act the policy was not merely insupportable it was also 'unlawful'.

The government maintained its stance on the policy and suggested that any young person in genuine need would be catered for. The government would provide 'Special Benefit' for anyone who could demonstrate 'need'. Applicants were expected to: prove 'hardship' caused by loss of income,⁴¹ be registered as unemployed with the Commonwealth Employment Service, be taking reasonable steps to obtain work, be able to prove that his or her parents were not contributing to his or her upkeep (this meant that school leavers would need to prove that no parent or guardian had supported them throughout their time at school), be willing to work, and be unable by reason of age, physical or mental disability or domestic circumstances, or for 'any other reason', to earn a sufficient livelihood for himself and his dependants (if any).⁴² In a kit providing instructions and guidelines for claimants, Australian Council of Social Services (ACOSS) advised that when applying for special benefit students would need to prove that they had 'no cash, no

⁴⁰ Tony Street, MP, *House of Representatives Parliamentary Debates*, 23 March 1976, p.871

⁴¹ Senator Susan Ryan, *Senate Debates*, 25 May 1977, p.1359

⁴² Peter Johnson, 'Unemployment and Sickness Benefits', *The Annotated Social Security Act*, Federation Press and the Welfare Rights and Legal Centre, Annandale 1984, part xiii

way of paying for food, clothing, transport and shelter'.⁴³ In addition, students needed to prove that they were willing and able to work and that they had been taking reasonable steps to obtain work. Of the 34 455 unemployed school leavers who applied for unemployment benefit during the three months following November 26 1976, all were rejected. The estimated saving to the government was \$5.5 million. Of these claimants, 131 were granted Special Benefit. The cost to the government was \$13 000. Karen Green was not one of them. Her claim was rejected because her mother, a widow, was receiving an additional benefit for Karen's maintenance in her widow's pension. Twelve dollars a week.⁴⁴

The rhetorical effect of this policy decision was to reinforce the idea that youth were not generally needy claimants. Government money had been wasted on these applicants. Reference to Special Benefit placed the government in a position where it could claim that it had weeded out the cheats and bludgers and maintained provision for the genuinely needy, who, given the low take-up of benefit, were few and far between. Accordingly, Senator Guilfoyle declared that in response to 'the charge of social injustice that arises from the non-payment of unemployment benefit automatically to school leavers [we say] there is provision for the payment of a special benefit by the Director-General at his discretion'.⁴⁵ The debate in response to this, shifted from the legality of the government's policies to the genuine 'neediness' of the claimant.

Youth could also be constructed as objects of paternalistic welfare policy. Discourses focusing on the 'best interests' of youth could therefore accompany discourses of fiscal restraint when presenting policies to the public. It was therefore a common claim that the provision of benefits for youth represented an incorrect application of the government's duty of care. The policy of 'throwing money' at youth had been 'disastrous'. The Member for Riverina John Sullivan reflected this when in support of the measure he stated: 'any

⁴³ Judie Suttor, *Through the Hoops, A Kit to Guide you through Social Security and the System of Appeals*, Australian Council of Social Services, Sydney, 1981

⁴⁴ Green v Daniels and Others, p.5

⁴⁵ Senator Margaret Guilfoyle, *Senate Debates*, 25 May 1977, p.1328.

system which allows, condones or actively supports a philosophy which can turn even a few of our youth into bludgers must be changed or abolished.⁴⁶

When the policy was first introduced in March 1976, it was distributed to DSS and CES officers with an additional explanatory note. This note provided a vague reference to 'past instances' where 'some' school leaver claimants had received the benefit only later to return to their studies.⁴⁷ The implication was that the policy should be seen as valid on the grounds that it would be used to stamp out fraud. Guilfoyle claimed that the policy was in part a matter of tough love.

The Government confirms its policy that an unemployment benefit should not be paid automatically to a school leaver immediately upon his leaving school, but rather that an attempt should be made by the person concerned to take reasonable steps to obtain employment and, in general, to have a transition from school to work which is wholly desirable if the person concerned is to obtain work which will give satisfaction and fulfilment in the future.⁴⁸

While Senator Baume insisted that the policy should be regarded as legitimate because:

It is not the Government's function to give that benefit to those who are attempting to defraud the Government and it is up to the Government to determine the policy which will apply to the administration of these benefits.⁴⁹

Others returned to an assault upon the Labor party and its creation of dole-bludgers. Victorian NCP Senator Thomas Tehan, for example, had 'personal knowledge' of

⁴⁶ John Sullivan, MP, *House of Representatives Parliamentary Debates*, 31 March 1976, p.1190

⁴⁷ Green v Daniels and Others, p.1

⁴⁸ Senator Margaret Guilfoyle, *Senate Debates*, 25 May 1977, p.1352.

⁴⁹ Senator Peter Baume, *ibid.*, p.1357

secondary students flocking to the CES for their benefits on the day school broke up. Under the ALP they were granted these benefits and it was a matter of 'almost public scandal' he said. In addition he mentioned the 'interests of the tax-payer' and the 'vast social service bill' as matters to take into account when making decisions about policies such as these.⁵⁰ The Minister for Health Ralph Hunt claimed that the policy revealed the difference between the Liberals and the ALP, 'We turn our attention to people who have a demonstrated need'.⁵¹ John Abel did less well in avoiding a discussion about the legality of the policy. To him 'the law' in this case did not take into account 'the moral aspect', 'the cost' or the 'sociological problems' associated with paying unemployment benefits to school leavers. It should hence be disregarded. To this he added 'I state very clearly and precisely that I do not now nor will I in the future support paid vacation leave for school leavers.'⁵²

Over 34 000 school leavers had applied for benefit at the end of the 1976 school year. Although the government had claimed that the Director-General would review each case brought before him, the claims had become virtually impossible to chase up. Students who sought a review were told that all claims for that period had been destroyed.⁵³ In October 1977, the Social Services Amendment Bill was introduced to parliament. From then on, all school leavers, regardless of work effort, were to be denied unemployment benefit for a period of six weeks. The policy was, as the Director-General Laurie Daniels later said, based upon a feeling that cuts needed to be made.⁵⁴ The symbolism was greater than this. By removing benefits from school leavers the government demonstrated its commitment to 'turning the tide' on 'welfare waste' via sound economic management.

Category removals—Aboriginal assistance and the CDEP scheme

Throughout the 1960s unemployment benefits had been provided to Indigenous people in a very limited and piecemeal fashion. In 1959–60 the Commonwealth Government had

⁵⁰ Ibid., p.1361

⁵¹ Ralph Hunt, MP, *House of Representatives, Parliamentary Debates*, 31 May 1977, p.2185

⁵² John Abel, MP, *ibid.*, p.2189

⁵³ Senator Colston, *Senate Debates*, 28 April 1977, p.1052

⁵⁴ Daniels, p.74

made available to Indigenous people in institutional care other forms of welfare including maternity allowances, widows allowances and invalid pensions. Unemployment benefit for remote Indigenous people was a contentious issue involving questions of assimilation and self-determination, and therefore providing no clear Left or Right position or objective. It had been felt by many involved in the administration of settlements and missions that the unemployment benefit would override the 'no work, no support' policy operating in these places. In April 1959, the Director of Welfare recommended that a 'conservative attitude' should be adopted where social service payments are concerned lest 'we develop a group of mendicants who will progressively look to the State to provide them with the means of livelihood and who will progressively lose any incentive to improve their conditions.'⁵⁵

It had been the general practice throughout the 1960s to work unemployed able-bodied Indigenous people for rations until another job could be found. This was felt to be better for the well being and development of Indigenous communities than benefits, though, as a 1968 circular from the Department of Social Security explained, keeping Indigenous people 'ignorant of their rights' to benefits 'cannot withstand informed criticism'.⁵⁶ In 1968, unemployment benefits were extended to Indigenous people but eligibility requirements were to be judged by mission authorities and Welfare Branch officials. Although there were some cases of Indigenous people successfully applying for the benefit, most who became unemployed were awarded a 'training allowance' as a substitute.⁵⁷ Under the Whitlam Government's policy of equal rights for Indigenous people, these training allowances were replaced with universal unemployment benefits that required them to meet universal eligibility requirements.

In 1974, the Minister for Social Security, Bill Hayden announced:

⁵⁵ Cited in Tim Rowse, *White Flour White Power: From Rations to Citizenship in Central Australia*, Cambridge University Press, Cambridge, p.176

⁵⁶ Undated draft cabinet submission, cited in Rowse *White Flour* p.177

⁵⁷ Rowse, *White Flour*, p.176

It is official Labor policy that Aboriginals are to have equal rights and opportunities with all other Australians and that every form of discrimination against them should be ended. This applies to the right to receive social services in the same way as all other Australians.⁵⁸

There was a certain amount of unease associated with this decision, even within the government itself. In March 1974, the Minister for the Northern Territory argued that while he accepted the 'philosophy of equality' for Aboriginal people he had come to regard the unemployment benefit as problematic for remote Indigenous people. He urged extreme sensitivity in its application. This was especially the case given that the unemployment benefit would be, in most remote areas, the major source of income for the communities. It would therefore alter the communities themselves in ways not experienced in urban areas, which by comparison experienced relatively full employment.⁵⁹ For many on the Left who desired Aboriginal rights, the application of universal policies and administrative techniques to Indigenous communities symbolised a disregard for the unique situation and custom of those communities. A type of 'welfare colonialism' was being enacted which required remote Indigenous people to answer to intense administrative structures designed for white urban communities.⁶⁰ This then represented aspects of the policy of assimilation that the government had been moving away from since the Prime Minister William McMahon renounced it in 1972.⁶¹

By 1976, other Departmental officials were voicing concerns with regard to the benefit's affect in remote communities. During the first year of the Fraser Government, two

⁵⁸ Bill Hayden, Speech at the Annual Meeting and Dinner of the Teachers of Aboriginal Children (South Australian Institute of Teachers), Adelaide 22 May 1974.

⁵⁹ Will Sanders, 'Citizenship and the Community Development Employment Projects Scheme: Equal Rights, Difference and Appropriateness', in N Peterson and W Sanders (eds), *Citizenship and Indigenous Australians: Changing Conceptions and Possibilities*, Cambridge University Press, Cambridge, 1998, p.142

⁶⁰ The term 'welfare colonialism' was coined in 1988 by Jeremy Beckett to describe 'Western expansion whereby new peoples are incorporated into a conquering state'. See Jeremy Beckett, 'Aboriginality, Citizenship and the Nation State', in *Aborigines and the Nation State in Australia, Social Analysis Special Issue*, no 24, December 1988, pp. 3-18, 78-84

⁶¹ Rowse, *White Flour*, p.204

Indigenous liaison officers, one of whom was himself an Indigenous Australian, claimed that

Unemployment benefit is not understood—it is termed ‘sit-down’ money—and the payment of it is a sensitive issue...There is truth in the opinion that the unemployment benefit plays a part in breaking down the tribal structure by giving influence, through the possession of buying power to younger men.⁶²

Claims that the benefit aggravated social problems, such as drunkenness and violence were also common.⁶³

By the time the Coalition took government in December 1975, support for unemployment benefits for remote Indigenous people was low. In 1976, 46 per cent of all Aboriginal income came from social security payments.⁶⁴ This was felt to be a major problem for tribal structure and social relations within the communities. In addition to the voices of concern on the Left and those emerging from the Indigenous communities themselves, new discourses had been formed that framed the problem of Indigenous welfare in a very different manner. The New Right had started to weigh in on the debate. While appropriating the language of the Left by citing harm to Indigenous communities as a major concern, many also adopted a language of ‘special interests’ and pointed to Indigenous welfare as a symbol of all that is wrong with ‘big government’. For some New Right public figures the problems of Indigenous welfare in remote communities provided a discursive microcosm to draw on when describing the affect of welfare on all Australians. Under the heading ‘Aborigines’ in his A-Z book *Rip Van Australia*, John Singleton began the section with a quote from John Lennon: ‘Everything the government touches turns to shit.’ He went on to claim that ‘empire building bureaucrats’

⁶² G Harris and L Turner, ‘The Aboriginal Dilemma’, *Social Security Quarterly* (Autumn), 1976, pp.1–4

⁶³ See for example, Community Development Employment Projects (CDEP’s) Basic Outline and Guidelines, *House of Representatives, Parliamentary Debates*, 26 May 1977, p.1921.

⁶⁴ Anne Daley and Anne Hawke, ‘How Important is the Welfare System for Indigenous People [?], CDEP, ANU Paper, 1994

appropriated most of the Budget for Aboriginal welfare and used it for wasteful schemes. Outside of protecting individual rights for all people 'our governments should simply leave people alone, and not attempt to 'administer', 'control' or 'assist' them.'⁶⁵ Contrary to this discourse of concern for Aboriginal communities, Singleton had also claimed in an interview with the *National Times* in 1975, that under the current policy 'it is getting so that white man is the second class citizen and the black man is the first class citizen'.⁶⁶

This was a common combination in New Right discourses on Indigenous welfare, added to it was the claim that Indigenous people represented Whitlam's brand of irresponsible welfare, based on ill-conceived 'ideological' motives rather than on any 'sensible' economic plan. A report published in *The Australian* two weeks prior to the 1975 election combined these discourses in its efforts to remove Whitlam from government (see Chapter 5). Like school leavers, Indigenous people were in a unique position. The New Right could represent them as visible symbols of a welfare system in crisis and in need of 'sensible' economic management. By removing remote Indigenous people from the unemployment benefit, the Fraser Government could fulfil both its role as a paternalist government committed to the wellbeing of Indigenous people, and its role as the government of fiscal restraint committed to rooting out illegitimate claimants.

The Community Development Employment Projects Scheme (CDEP) was developed in 1977 with a great deal of support from both the Left and the Right of politics. In communities where CDEP was operating, grants were paid to Aboriginal councils or incorporated groups to the value of or not exceeding the total entitlement to unemployment benefits in the area. This amount was to be determined by the Department of Aboriginal Affairs and used to employ all the members of a community who would normally receive unemployment benefits. Each participant would receive the equivalent of his or her benefit in the form of a wage.⁶⁷ As a community-administered program it more adequately satisfied the needs of Indigenous communities for rights specific to

⁶⁵ Singleton with Howard, p.3

⁶⁶ Nicklin, 'The new politics'

⁶⁷ CDEPs Basic Outline and Guidelines, p.1921

Indigenous people, including the right to self-determination. Community leaders also welcomed the programme for this reason.⁶⁸ It gave the Indigenous people themselves more control over discretionary resources to be spent in a manner concurrent with the needs of the community while avoiding the imposition of foreign administrative structures. For the New Right it represented a necessary shift to fiscal restraint and the concept of mutual obligation.

The programme began with only 100 participants and grew to include 32 communities and 1 700 direct participants in 1983.⁶⁹ Although this did not represent a significant cost saving for the government, it shifted the participants out of the unemployment benefit figures and into a cost centre within the Department of Aboriginal Affairs. Although the cost was similar, the government had reduced its Aboriginal Affairs budget by \$24.3 million during the 1976–77 financial year and therefore could not be open to charges of welfare expansion where CDEP was concerned.⁷⁰ Rhetorically, the policy represented the Fraser Government's ability to 'shift people off welfare' and into 'useful employment' all without spending any extra money on job creation. In addition, the programme represented a policy of fiscal restraint because of its strict and limited budget. Unlike the unemployment benefit, it did not offer open-ended benefits to individuals as they became unemployed. It allocated a fixed annual budget based on the number of people eligible for unemployment benefit in a participating community. If more individuals came to participate in the project, the budget would soon run out.⁷¹ In practice this would often lead to unemployment benefit claims being made, but in theory it was intended to put a knowable limit on welfare spending in this area and to clearly contrast it with the unknowable and potentially unlimited requests for unemployment benefit.

⁶⁸ Jon Altman, 'The Achievements and Limitations of the CDEP Scheme—A 20 year Perspective', *Social Security Journal*, December 1997, p.6

⁶⁹ Ibid.

⁷⁰ EG Whitlam, MP, *House of Representatives, Parliamentary Debates*, 11 October, 1977, p.1863

⁷¹ Will Sanders, *Citizenship and Community Development Employment Projects Scheme: Equal Rights, Difference and Appropriateness*, in Peterson and Sanders (eds), p.145

These category removals then played a symbolic role in the Coalition's effort to appear as an economic rationalist government turning the tide on Whitlam's welfare programme. As highly criticised and highly publicised categories, school leavers and Indigenous people represented the epitome of the welfare 'crisis' that had, apparently, been created by ill-conceived social democratic ideologues. Paternalist fears for the well being of these two categories supplemented the Fraser Government's policies and were, in the case of Indigenous people, supported to some extent by calls for Aboriginal rights different from universal rights. Economic rationalism, combined with discourses of dole bludging infused both these category removals and helped to naturalise the goal of fiscal restraint in welfare policy. Also in pursuit of this aim, the government commissioned an inquiry into unemployment benefit policy in the hope that it might recommend similar removals and reductions in expenditure to be incorporated into a general picture of economic rationalism.

The Myers Inquiry

Towards the end of 1976, Dr David Myers, the former vice chancellor of La Trobe University, was appointed by the government to conduct an inquiry into unemployment benefit administration. The inquiry was intended as a scientific examination of the welfare 'crisis'. By announcing it the government intended to continue its rhetorical attack upon dole bludgers. Expenditure cuts, wherever they occurred, were always associated with a 'crack down on dole bludgers' and presented as evidence of the government's commitment to abolishing welfare waste. An inquiry would reinforce this message and supplement it with expert opinion. When the Myers Inquiry was announced on 30 March 1977, it seemed from the outset that the government expected the report to follow this line. In a joint statement issued by the Minister for Social Security and the Minister for Employment and Industrial Relations, it was declared that 'abuses of the system' and dramatic increases in expenditure had prompted the 'urgent need for a fundamental review'.⁷² In parliament it was announced that the inquiry would enable a long overdue restructuring of the benefit system. This restructuring would bring about a

⁷² 'Scientific look at dole system', *Sydney Morning Herald*, 31 March 1977, p.1

system in which abuse could be avoided and adequate assistance to 'genuine cases in real need' could be achieved, all through the implementation of expenditure cuts.⁷³

Even before the inquiry had begun, Myers was given a clear indication of what he would or should find. Guilfoyle ensured that he was assisted in his findings by encouraging members of the public to air grievances about the unemployed to the committee.⁷⁴ Advertisements inviting these submissions were placed in national dailies and other selected newspapers on Wednesday 13 April and Saturday 16 April. The inquiry was publicly declared as an independent and 'scientific' method of rooting out dole bludgers and welfare waste.⁷⁵ While Myers remained silent on the issue, others anticipated the results of the yet-to-be conducted inquiry and applauded them. The *Sydney Morning Herald*, in particular, indicated strong support:

If the Inquiry does find appreciable numbers of people who don't want to work, feel no obligation to work, and feel no shame at depending on the work of others, and if it can suggest ways of dealing with them, it will serve a useful purpose.⁷⁶

Others suggested that Myers had been chosen for the task because of his close association with the Liberal party. His background, it was noted, was one of private schools and 'upper-middle class' living standards. He was a member of the exclusive men's club, the Melbourne Club, and a member of the wealthy Melbourne establishment.⁷⁷ For these reasons alone, it was assumed that the report would promote the government's philosophy of 'restraint'.

Dr Myers was instructed that within three months he and his team of 11 assistants should:

⁷³ William Wentworth, MP, *House of Representatives Parliamentary Debates*, 21 April 1977, p.1106

⁷⁴ Senator Geoffrey McLaren, *Senate Debates*, 31 March 1977, pp.689–90

⁷⁵ *Ibid.*, and 'Scientific look at dole system'

⁷⁶ Editorial, 'New "dole" inquiry', *Sydney Morning Herald*, 31 March 1977, p.6

⁷⁷ 'Scientific look at dole system' and Keith Johnson, MP, *House of Representatives, Parliamentary Debates*, 30 March 1977, p.780

1. Examine the underlying concept and philosophy of the present system and assess how appropriate these continue to be.
2. Against the Government's basic policy of directing assistance to those most in need, examine and recommend on a system of income support for unemployed persons having regard to:
 - a) the level of benefits the community should provide to those unable to find work, including new entrants to the workforce.
 - b) the extent to which the applicant's previous income and any other income the person or their family are currently receiving should limit the level of income support during a period of unemployment.
 - c) whether arrangements should be made to adjust benefits and, if so, on what basis;
 - d) the effect of income support measures on the incentive of unemployed persons to actively seek employment.
 - e) what limits if any should be set to levels and duration of payments;
 - f) the conditions which should be met by individuals before they become eligible for income support.

In addition the inquiry was expected to report on the present administrative arrangements and the extent to which these arrangements would need to be modified while keeping in mind the 'prevention of abuses and protection of public expenditure'.⁷⁸

The wording served a rhetorical purpose by expressing the government's concern for 'those most in need' and contrasting this against the current system of 'welfare waste'. The inference was that Myers should find the system in want of a radical restructuring in the direction of lowered expenditure. Within the terms of reference, suggestions relating to the means testing of benefits and limited duration of payment were perhaps the most obviously geared toward the concept of fiscal restraint. Suggestions that Myers might find

that benefits had eroded work incentive were more clearly associated with providing a rhetorical support for these measures. The three-month time limit would enable the government to include these anticipated recommendations in the forthcoming budget.

At the conclusion of three months the *Inquiry into Unemployment Benefit Policy and Administration* was submitted. For two months the government sat on the report before it was tabled in parliament. During the two months little was said about the findings. Independent academic opinion ceased to carry the weight it had three months earlier. The Director-General of Social Security, Laurie Daniels, later declared that the report received less attention than any report the government had ever received. Myers had thwarted the government by handing in a report that did not lend weight to the government's claims of 'economic responsibility'. Although it did pay a great deal of attention to the needs of the 'genuine' job seeker as the terms of reference had indicated, and did, in some cases, support greater disciplinary measures for benefit claimants, it did not support a major scaling back of the benefit system. Myers recommended the reverse, calling instead on more funds for unemployment benefit administration. Margaret Guilfoyle and Tony Street issued a joint statement declaring the findings to be 'impractical'.⁷⁹

ACOSS declared that the report had been buried because of its humanitarian approach and its lack of attention to disciplining dole bludgers. Two years later Keith Windschuttle came to the same conclusion. An examination of the report, however, does not support this conclusion. The report, in fact, did not shy away from supporting a government line where abuse was concerned. Myers paid a great deal of attention to disciplinary measures and agreed that the unemployment benefit system was 'open to abuse'. The recommendations in many cases reinforced and increased attention to discipline. This approach was more in tune with the conservative approach to benefit administration that

⁷⁸ David Myers, *Inquiry into Unemployment Benefit Policy and Administration, Report, July 1977*, Australian Government Publishing Service, Canberra, 1977, p.1

⁷⁹ 'Govt rejects big dole increases. Ministers refer to economic restraint', *Sydney Morning Herald*, July 23 1977, p.1; Michelle Grattan, 'Dole Boost rejected', *The Age*, July 23 1977, p.1

existed prior to 1974. The report was buried because it did not lend weight to the government's credentials as economic managers.

The introduction to the report read as a reprimand to the government for its 'inflation first' policy. Unemployment, Myers insisted, 'is an outcome of the failure of human endeavour, either internationally or locally, and is within the power of society to control, even though it often fails to do so'.⁸⁰ Myers placed the blame for unemployment upon what he termed 'society' and spoke of the right of every member of that society to work.

On the assumption that people have both the right and the obligation to work for a living and so to make a contribution to society, it is a responsibility of society to provide avenues of rewarding employment for the benefit both of its members and of society as a whole. In simple terms, the maintenance of an effective workforce is a requirement of a balanced community.⁸¹

In addition, the inquiry dismissed the idea that benefits eroded the incentive to work. This was a blow to the government's campaign to prove the reverse. Although the inquiry received a number of submissions claiming that the existing rates of unemployment benefit had acted as a disincentive to the active search for work, Myers concluded that this was not the case. Rather, he claimed that the nature of work was considered crucial in determining the motivation to work. He also claimed that prolonged unemployment was essentially responsible for a loss of ambition or desire to work. In making this claim he joined members of the Labor Party and the Brotherhood of St Laurence who, while not denying the existence of an apathetic dole youth, claimed that demoralisation was the cause.

Although the report did not find that benefits needed to be lowered or limited in order to reflect the true needs of the unemployed, it did find that the needs of the unemployed

⁸⁰ Myers, p.7

could be met more adequately with a changed system. Myers suggested that a multi-tiered system be implemented. This consisted of a basic allowance available to all unemployed, a spouse allowance for a dependent spouse, a continuity allowance to reward those who had previously worked more than 39 weeks in the last twelve months, and a needs allowance based on the cost of living for independent persons. The basic allowance was to be one third of the minimum wage.⁸² In this respect Myers seemed to agree with the government's view that the deserving needed to be separated from the undeserving poor. This was a type of means test where the most deserving received more than the existing rate as opposed to the government's preferred means test where less deserving beneficiaries received less than the existing rate.

While all of Myers' 'disciplinary' recommendations were ignored along with the majority of the report, the only recommendation to see the light of day was a simple money-saving device that was, again, to be applied to all claimants regardless of character or work effort. Under the existing arrangements, all new claimants had to endure a period of one week without benefit. From the end of that week benefits would be paid two weeks in advance. Myers recommended that this waiting period be abolished and payments be made in arrears. These two measures, according to Myers, fit 'hand in glove, as fortnightly payments in arrears without abolition of the waiting period would cause hardship in the period before the first cheque was received.'⁸³ The government converted to payment in arrears but kept the seven-day waiting period. The change was announced in the July budget speech. Guilfoyle declared that a saving of \$60 million would be made.⁸⁴

The government's reaction to the Myers Inquiry can be seen as evidence of their overriding concern. The report was not rejected because it failed to provide the government with new ways of disciplining the claimant. The report was rejected because

⁸¹ Ibid.

⁸² Ibid.

⁸³ Ibid., p.15

⁸⁴ 'Tighter control on dole payments planned', *Sydney Morning Herald*, August 17 1977, p.8

it did not provide the government with an approach that could be claimed to represent the government's economic approach to welfare. It did not give authority to a method of means testing approved by the government. It did not approve the setting of limitations on the duration of benefits. It saw that new entrants to the workforce should receive benefit in the same manner as other claimants (at the time the government was denying benefit to school leavers). It did not approve of a lowering of benefit rates. It saw no truth in the supporting idea that high rates of benefit were a 'disincentive to work'. The image that the government wished to portray conflicted with these findings. The report was buried for this reason.

Conclusion

Welfare policy could be regarded as a response to 'economic crisis' under any circumstances. John Maynard Keynes developed his theory of demand management, of which the welfare state was a large component, as a response to the Depression and the problems caused by soldier repatriation. On a personal individual level, welfare can be regarded as a response to economic crisis as experienced by a person who becomes unemployed. The way in which the simultaneous rise of inflation and unemployment was framed as an economic crisis to which welfare needed to respond was different. For the first time in 1974, welfare was discursively constructed as the *cause* rather than the cure of the economic crisis. Criticism of Whitlam's expansive welfare policies, symbolised particularly well by highly criticised policies on welfare for school leavers and Indigenous people, and by 'permissive' work testing, supported this discourse. It was claimed by the New Right, and through New Right media discourses, that in order to respond to the crisis, welfare policy needed to undergo a radical and necessary change and to sacrifice some of its influence to market forces.

For this reason the Whitlam Government in 1975 and the Fraser Government throughout its eight-year term made desperate attempts to prove its economic 'rationalism' through welfare-policy decisions incorporating the image of a 'dole bludger' crack down. Policy decisions and policy recommendations that appeared to contradict fiscal restraint were

hidden or abandoned. The Myers Inquiry provides us with evidence of this. In addition, random and 'urgent' attempts were made to cut the numbers receiving benefit in response to demands for attention to 'waste' and 'bludging'. Through these attempts the Fraser Government hoped to prove its economic management credentials by claiming that 'dole bludgers' on whom millions had been spent during the life of the previous administration, were now being removed from the rolls. It was via these desperate attempts to respond to the 'economic crisis' as it had been constructed by through New Right discourse, that government welfare policy reinforced the 'dole bludger' and accepted the economic goals of the New Right.

The final chapter of this thesis will examine the left-wing response to dole-bludger discourse after 1974, focusing in particular upon the discursive resources, cognitive frames and institutional resources available to the Left during this period and how these were utilised. It will assess the extent to which the New Right hegemonic project was able to be contested and look for reasons why anti-dole-bludger discourses, in the end, achieved only limited success.

Rights to welfare and rights to work – Contradicting the New Right

So far this thesis has examined the shift to New Right discursive frames that occurred within economic think tanks, government and the print media. In addition it has situated the construction of anti-welfare discourses such as *dole-bludger* and *new-class* discourse within a broader struggle for New Right hegemony. In doing so, it has argued that the adoption of New Right discursive frames within economic think tanks shifted financial resources and political influence from the Keynesian hegemonic project to the New Right counter-hegemonic project, while the adoption of New Right frames within parliamentary and media discourse transferred control over the organs of popular influence to the New Right. The reasons for this shift are unique to the institutions themselves and have been examined in previous chapters, however it is important to note that the simultaneous rise of inflation and unemployment created the historical situation within which the New Right could extend its influence from the think tanks to media and politics. After 1974, then, these institutions formed what Gramsci has referred to as an ‘historic bloc’, that is, an amalgam of forces united by political expression and emerging at a specific historical juncture to struggle against an existing hegemonic project. The constitution of an historic bloc, its resources, its ability to articulate the desires of the populace and most importantly to be heard, determines its success. The formation of the New Right historic bloc therefore not only represents the growth of a New Right hegemonic project in competition with Keynesianism, it represents a transformation of the Keynesian hegemonic project, which lost its key resources, and channels of influence.

This chapter will examine the response of pro-welfare-state actors to threats from the New Right hegemonic project. It will argue two things. First, that the depletion of pro-welfare-state influence within the institutions of media and parliament enabled the construction of a New Right frame within which the debate about the welfare state

took place. This resulted in a New Right colonisation of Keynesian and left-wing discourses about liberal rights, justice, and the suffering of the poor, thereby disabling them as left-wing pro-welfare discourses. Second, it will draw on Barbara Hobson's work on collective identities in political claim-making to argue that while pro-welfare advocates lacked the institutional resources dominated by the New Right, the erection of collective identities which drew the unemployed into larger 'mainstream' cognitive frames offered the possibility for effective resistance. The major example of this is a socialist discourse that framed the unemployed as part of a larger 'worker' constituency. This discourse threatened to undermine the New Right frame by creating its own 'mainstream' constituency committed to 'workers rights' and the 'right to work' which cut across and undermined the New Right's 'taxpayer' constituency and shifted the debate outside of taxpayer versus dole bludger dichotomy. An examination of this discourse will offer insight into the possibilities for Left-wing mobilisation around the issue of unemployment.

Liberal rights and empowerment for the poor – 'Whitlam era' discourses and policies

In the late 1960s and early 70s a 'rediscovery of poverty' occurred in Australia. Early attempts at this rediscovery occurred in the early-to-mid 60s, the first of which appears to have been economic historian Reg Brown's 'Poverty in Australia' published in the *Australian Quarterly* in 1963. Following this, other studies of Australia's 'hidden' poverty began to emerge. Economic historian Reg Appleyard spoke in 1965 of 'pockets of poverty' evidenced by his own study published in *Social Service* July-August issue. Other surveys were launched in Queensland and in Melbourne in 1965 and 1966, and a book written by journalist John Stubbs and titled *The Hidden People: Poverty in Australia* provided further evidence for 'pockets of poverty'. The publication of Ronald Henderson's interim report of the Melbourne poverty survey represented the major breakthrough for anti-poverty campaigners. It provided a percentage that was soon publicised and debated in the press. Larger estimates followed, most notably from Peter Hollingworth, Associate Director of the

Melbourne-based welfare lobby group the Brotherhood of St Laurence, in his 1972 book *The Powerless Poor*.¹

Outside of the politically powerful percentage estimates delivered by these studies, an equally powerful discourse emerged that acknowledged and articulated the suffering of the poor. Readers and policy makers were faced with 'hidden' distress in the midst of plenty and implored to look beyond traditional nationalist sentiments that characterised Australia as the 'lucky country'. John Stubbs for example provided one among many of these stories when in 1966 he spoke with sympathy and anger at the plight of an elderly pensioner in Sydney:

...hungry and cold and dirty and almost blind. In front of her on a small table are an empty soup bowl, a clean plate and a knife and a fork... She is waiting for the woman volunteer from the Sydney City Council's Meals on Wheels Service to bring her lunch. She hasn't seen anyone for two days...She depends entirely on the pension of \$13 and supplementary assistance of \$2 which she has received since the death of her husband.²

Stubbs then turned the focus back on the reader asserting that 'we have in our society a sub-culture of poverty from which we allow no escape'. These 'forgotten people', unlike those 'discovered' by Prime Minister Robert Menzies in the 1950s, were not middle-class shop keepers and small farmers desirous of government attention, they were: the elderly, migrants, widows, single parents, the sick and disabled and homeless. Stories of their day-to-day struggle with poverty became a key element of left-wing advocacy.

The 'rediscovery of poverty' by academics and the press increased the political power of the Left as key voices in academia and media began demanding policy change. Both the Gorton and McMahon Governments extended social welfare, concentrating

¹ Jill Roe, 'Perspectives on the Present Day: A Postscript', in Jill Roe (ed.), *Social Policy in Australia: Some Perspectives, 1901-1975*, Cassell Australia, Stanmore, 1976, p.317

² John Stubbs, *The Hidden People: Poverty in Australia*, Cheshire-Landsdown, Melbourne, 1966, p.10

on subsidies for voluntary agencies and services rather than cash benefits.³ The pressure that McMahon, in particular, felt is evidenced by his attempt to quash the national debate through the suppression of the Doyle Report on poverty in Victoria in 1972, the year of the Whitlam/McMahon election. Pressure applied by social welfare experts in collaboration with the press led McMahon to establish a National Inquiry into Poverty, to be headed by Ronald Henderson, in the lead up to the 1972 election.⁴ The election of the Whitlam Government ensured further development of social welfare policy and pride of place for anti-poverty experts on government committees such as the newly established Social Welfare Commission.⁵ From this vantage, new ambitious goals including welfare rights and empowerment for the poor looked achievable.

On 21 December 1972, nineteen days after the first Labor Government in 23 years had been elected to federal parliament, Bill Hayden, the new Minister for Social Security wrote to Clyde Cameron, the new Minister for Labour and Industry. The letter identified what Hayden saw as the wrongs of the past. It argued that the Department and employers in general held too much power over the claimant and should no longer dictate terms and conditions contrary to a 'free, tolerant, liberal society'. Under Hayden, welfare recipients would be allowed a greater degree of autonomy and freedom, especially when it came to personal appearance and job choice.

Dear Clyde,

I am concerned about general philosophical values underlying much of the official thinking towards unemployment benefit recipients' rights to receive these payments. I believe it essential that we develop a new philosophy based on the belief that benefits are a right and not part of a charitable process bequeathed from a rather dark part of the Victorian Era...

³ Roe, pp.314–315

⁴ Ibid., p.318

⁵ Elliott and Graycar, p.95

I have pointed out to [the Department of Social Security] that it is not the prerogative of employers to dictate conventional standards for the rest of the community. The people have certain rights in this respect in that in a free, tolerant, liberal society, where people's rights as human beings are respected and where the right to be different—where there is no personal danger to others—must be upheld as a basic civil liberty... The sort of thinking which has apparently guided official attitudes towards the rights of such people for social benefit services must be changed to accord with the philosophical values which we believe appropriate to a free society.⁶

The following month, a review of the work test began. The work test, used to measure a claimant's willingness to work, was altered dramatically to accord with the rights of the welfare recipient in a 'free, tolerant, and liberal society'. Media reports were mixed. A report in the Fairfax paper *The Sun*, titled 'New Deal for the Jobless—Hayden's Pledge', was largely sympathetic to Hayden's agenda, allowing his words to be printed with very little journalistic interruption. In this report Hayden indicated his new policy agenda and his welfare philosophy. 'The aim of the new Government will be to administer these benefits sympathetically without moralising or passing judgement on applicants. We must develop a new philosophy based on the belief that benefits are a right and not a charity', he said.⁷

Despite such reports, Hayden's ideas were advanced through caucus very quickly. On 19 April a memorandum was sent from the Director-General of Social Security to State Directors containing the amended procedure manual items. Claimants were to be offered work of an 'equivalent kind' to the work usually performed and 'in which the persons training would be used'. Those who were new to the workforce were to be offered work in keeping with skill and personal preference. No claimant was to be work tested on their willingness to accept jobs that did not accord with these criteria.⁸ The rights of welfare recipients to determine their own working lives were first and

⁶ Australia. Department of Social Security, Letter from Bill Hayden to Clyde Cameron, 21 December 1972, cited in Law p.205

⁷ 'New deal for the jobless, Hayden's pledge', *The Sun*, 5 January 1973 p.13

⁸ Australia. Department of Social Security, Instruction from LJ Daniels to State Directors of Social Security, 19 April 1973, cited in Law, p.205.

foremost in the new procedure manual. For Hayden, the right to welfare benefits existed in cases of economic need, and independent of personal character. The right to economic sustenance did not exist to the exclusion of other rights. Other rights, such as the right to autonomous decision-making, acted in conjunction, leaving the welfare recipient free to exist on benefits if they chose to do so.

While supporting the welfare recipient's 'freedom to choose', Hayden stressed that, in his belief, welfare recipients were very committed to the work ethic. However, this was more of an aside than a criterion. In Hayden's belief, the possession of a work ethic was irrelevant if an economy could not provide jobs to which it could be applied. In contrast to earlier welfare discourses that focused upon surmounting individual problems, Hayden asserted that the unemployed in particular 'are symbols of social injustice which has come out of bad economic policies.'⁹ In the absence of jobs, the unemployed had a right to dress in a manner previously deemed 'unsuitable' by the Department of Social Security and to make decisions in relation to what jobs they would and would not take. They had the right to lead alternative lifestyles if they chose to do so, to abandon 'materialism' and to live outside the parameters previously dictated by Social Security policy; these social rights were backed by an economic right to subsistence provided by the government.

Within the welfare sector, workers began to be influenced by the ALP's attempts to shift social welfare ideology. The Brotherhood of St Laurence in particular revolutionised its approach to the poor in 1972. The organisation itself had always pursued the dual functions of charity and anti-poverty activism. Established in Newcastle during the Depression of the 1930s, and moving to Fitzroy in inner city Melbourne three years later, the Brotherhood provided accommodation for the homeless during the Depression and staged protests and sit-ins on behalf of evicted tenants and the poor in general. As early as 1943 the Brotherhood employed a social research officer to investigate the causes of poverty. The founder of the organisation, Father Tucker, used dramatic films to show others the living conditions of poor families in the hope that it would bring about a change in public opinion and policy. Under the political conditions brought about by the rediscovery of poverty, the

⁹ 'Social welfare rulings can be disputed', *The Australian*, 19 January, 1973, p.2

Brotherhood was able to move beyond its charity work and increase its focus on research and government lobbying.¹⁰

During the early 1970s the Brotherhood believed that a change had indeed come about. In the years that followed the election of the Whitlam Government the Brotherhood began shifting the focus from activism on behalf of the poor to empowerment for the poor. The organisation now believed that its role was to facilitate the poor in their efforts to gain power through autonomy and political participation. This included the facilitation of alternative, anti-materialistic lifestyles where desired by the claimant. In praise of the Whitlam Government's initiatives, Associate Director of Social Issues and Research at the Brotherhood, Concetta Benn, announced that:

[a] new social ethic has been produced by the alienating effects of increased industrialisation and partly as a backlash to the inhibiting Protestant ethic which still prevails in our community. Its main characteristics are a demand for participation in the decisions which affect people's lives, a questioning of economic growth for its own sake, and an assessment of the materialist values of our society.¹¹

This approach was combined with socialist views of wealth and poverty that aimed to facilitate the development of class-consciousness among welfare recipients. This, it was hoped, would lead to self-change and eventually to societal change through activism. The vehicle for this revolutionised approach to welfare was the 'Family Centre Project'.

At the time of its inception, those associated with the project and others within the voluntary sector claimed it to be 'the most significant anti-poverty program running in Australia', a 'radical, pioneering and iconoclastic' development in social welfare

¹⁰ Anon. Brotherhood of St Laurence History, Brotherhood of St Laurence website, http://www.bsl.org.au/pdfs/BSL_history_Feb_2005_1.pdf

¹¹ Concetta Benn, *The Future of Welfare*, paper delivered to VCOSS, October 1975, cited in Law, p.260

theory and practice.¹² Its aims, outlined by the Brotherhood in its publicity material were:

To demonstrate, with a small group of poor families who had been long term clients of the Brotherhood, that changes in their economic and social conditions and opportunities were a pre-condition for change in their family and societal relationships, and that it was at such changes that social work intervention should be directed.¹³

In its desire to achieve this, the Brotherhood attempted to empower the small group of poor families by changing the social-work dynamic, by encouraging political activism and by providing supplementary income in the 'least judgemental' manner possible.

The Brotherhood believed that the language used to describe the poor and the mechanisms used to administer to the poor, could significantly affect attempts to become empowered. Consequently, 'professional paraphernalia' such as appointments, closed files, and desks were abandoned, while titles, such as 'client' and 'staff', which were believed to determine power relationships, were consciously avoided.¹⁴ An attempt was made to remove the word 'welfare' from the Brotherhood vocabulary. According to Benn, the poor so often used the word to describe a frightening or degrading experience that it could not suddenly be used to describe a method for social and economic advancement.¹⁵

By encouraging a feeling of equality between social workers and the families, the Brotherhood intentionally fostered feelings of equality on a broader scale. It was felt that if the poor could begin to question status and authority within the project, this might then be applied to broader society.¹⁶ In particular, it was intended that the poor should feel able to question political and administrative decision-making that affected them and their families. An effort was made to achieve for the poor 'power over

¹² Michael Liffman, *Power for the Poor: The Family Centre Project, an Experiment in Self-help*, Allen & Unwin, Sydney, 1978, p. 11

¹³ Ibid.

¹⁴ Concetta Benn, 'The Family Centre Project' in R. Lansbury, L. Bryson, and C. Benn (eds), *Social Policy the New Frontiers*, Victorian Fabian Society, Melbourne, 1975, p.12; Liffman, p.61

¹⁵ Benn, 'The Family Centre Project', p.12

¹⁶ Ibid., p.11

information'. It was stressed that the poor required 'ready access to information about their welfare and legal rights, about the facilities and opportunities available to them, and about appropriate procedures for exercising these rights.'¹⁷ The aim developed to be later termed 'consciousness raising'.¹⁸ Towards the end of the first year of the Family Centre Project, the efforts toward consciousness-raising began to pay off. Families and Family Centre researchers began meeting regularly to discuss among other things politics and economics. According to one researcher, these discussions revealed that 'some families had started to think about the wider societal implications of their own predicament' and about the causes of poverty.¹⁹

The structural nature of poverty was again emphasised by the introduction of an income supplement scheme, consisting of a 'family subsidy' based on the Commission of Inquiry into Poverty's recommendations, and a rent subsidy, based on the decision that no family should have to pay more than a quarter of its income on rent.²⁰ Like Hayden, the Brotherhood viewed payment as a right, not just subsistence level payment but a more comfortable level of income. By 1975, the third year of the Family Centre Project, the families concentrated almost entirely upon politics and political action. Their voices though became less audible as new discourses of welfare gained power. The oil shock of October 1973, followed by a simultaneous rise in inflation and unemployment led to the declaration of economic crisis. In 1974 a repositioning of both the Right and the Left occurred.

The shift to New Right frames

By 1974 the climate in which empowerment and rights for the poor had developed as policy goals was beginning to change. The media no longer viewed the rediscovery of poverty as news. Instead newspapers began to discover other things about poverty. In 1973 press articles began speaking of undeserving welfare recipients that had benefited from government policy. These undeserving types were identifiable by their hair and clothes and by their lifestyle choices. The stories were cast in the mould of crime and law and order exposés, intended to shock and disturb middle-class readers

¹⁷ Liffman, p.32

¹⁸ Ibid.

¹⁹ Ibid, p.74

²⁰ Ibid., p.50

and boost sales, while simultaneously chastising the government for its lax approach to welfare administration.

The real shift, however, occurred in 1974 when inflation and unemployment rose sharply and an economic crisis was declared. New Right ideas had been developing in Australian economic think tanks, in bureaucracy and in business organisations since around 1972. Their proponents helped to discover and articulate this crisis, announcing the end of Keynesianism and the end of the welfare state in its current form. As previous chapters have argued, the media and the Opposition latched on to this crisis and used it to support various agendas, chief among them the removal of the Whitlam Government. When the Whitlam Government itself began shaping its discourse and policy around the crisis, a major shift occurred which transferred power and public influence to the New Right. By 1975 anti-poverty activists were sidelined in favour of advice from the increasingly New Right Treasury, a section of the public service with whom the Whitlam Government had always had an acrimonious relationship. As the previous chapter has argued, welfare became a highly publicised area of policy through which the government could demonstrate its commitment to fiscal management.

In January 1974 the Minister for Labour and Industry, Clyde Cameron, began appearing more often than Hayden as the spokesperson for social security. While Cameron had never been a supporter of the Hayden initiatives, he had always maintained a low profile in relation to them, and his opinions were rarely sought. Suddenly, and almost certainly by direction of the party, Cameron stormed the stage, declaring Hayden's initiatives finished. In January the media began reporting Cameron's policy initiatives and heralding a new and 'ambitious' welfare era. The Murdoch press in particular gave precedence to Cameron's plans to de-register claimants who did not comply with new benefit rules.²¹ The autonomy that had been granted to the unemployed was returned to the administrators. Decisions as to what constituted reasonable dress, what constituted a reasonable job offer, and where an unemployed person should and should not move in order to take up a job, fell back into the hands of the Department of Social Security. To these ends, an expert working

²¹ 'No dole unless switch in jobs. Cameron threat to unemployed', *Daily Telegraph*, 8 January, 1974, p.1

party was established. Unlike previous working parties on welfare, it contained no anti-poverty activists. It

saw as its primary task the examination of the existing instructions themselves, the manner of their application and the adequacy or otherwise of the communication between the Departments of Labour and Social Security. It decided it should approach this task with the object of ensuring that any abuses which are now occurring do not continue while at the same time protecting the interests of the genuine unemployed.²²

Cameron appeared on the Channel Nine program *A Current Affair* to announce the working party. He claimed that both he and Hayden had been 'looking at the problem' and at

whether the formula or the criteria attached to the work test can be tightened up because I am not satisfied that there aren't some who are just remaining on unemployed benefits rather than accepting work... I've got no sympathy for people who can be described as the professional unemployed person who just won't work²³

The outcome of Cameron's expert working party was to reinstate the lifestyle, appearance and personality assessment previously removed by Hayden from the work test procedure manual.

The right of the taxpayer to see his or her money directed only to 'genuine' and 'worthy' recipients became a cornerstone of both Cameron and Hayden's welfare rhetoric. In contrast to Hayden's earlier assertions that welfare recipients possessed a right to choose an alternative lifestyle, it was reported that the review would attempt to wipe out 'hippies' and 'commune dwellers' who 'collectively receive enough

²² Australia Department of Labour, Unemployment Benefit Application of the Work Test: Report of the Working Party, March 1974, cited in Law, p.216

²³ 'Tighter rules for jobless aid foreseen', *Sydney Morning Herald*, 12 March 1974

money through unemployment benefit to live'.²⁴ In November 1974 a tripartite body was established to 'investigate the problem on the Gold Coast in Queensland' where Cameron believed that 'alternative lifestylers' had set up camp. Cameron was keen to give the impression that the 'new' ALP was there to serve and protect the interests of the taxpayer by rooting out the undeserving cases. The body, which Cameron had termed an 'investigative team', consisted of employers, unions and the government and appeared to act on information received from concerned citizens.²⁵ In doing so, Cameron desired to give the impression that the ALP was on call to respond to ordinary Australians.

Other ALP members such as Mick Young and Tasmanian Senator Don Grimes began to express their commitment to welfare by highlighting the suffering experienced by welfare recipients. Discourses of suffering did not speak to welfare recipients as discourses of rights and justice had done. Instead they spoke directly to those in power and to 'average Australians'. From 1974 onward, the dominant pro-welfare discourse both within and outside of parliament, attempted to counteract and to educate the proponents of anti-welfare discourse. While stories of suffering had formed a particularly powerful part of the rediscovery of poverty, the shift to New Right frames in media and parliament shifted the meaning and effect of this discourse.

Discourses of suffering and appeals to the right

In October 1975, one month before the LCP were instated as the new Federal Government, the Brotherhood of St Laurence produced the first in a series of studies it termed 'action research'. While the Brotherhood continued its Family Centre Project there had been a conscious decision within the organisation to focus publicly upon action research and its findings. The studies were developed specifically to show politicians and the public how wrong they had been in branding the unemployed as 'bludgers' living in 'luxury'. It was hoped that the research, by proving otherwise, would end the campaign against the dole bludger. The first publication was titled *Workers Without Jobs*. Its author Graeme Brewer, a senior research officer with the Brotherhood, would become the organisation's primary author of action research.

²⁴ Law pp.216–217

²⁵ 'Cameron's threat on dole benefits', *The Canberra Times*, 2 November 1974, p.3

One of the key aims of the publication was to provide proof that the unemployed were not willing participants in their own unemployment. In order to prove this Brewer set about surveying 160 unemployed participants in order to gauge their level of work ethic. Among his findings Brewer wrote:

It is apparent from a considered analysis of the past work experiences of the unemployed and their current job seeking activities that their commitment to work is strong. They did not choose to become unemployed nor do they choose to remain out of work. The desire to return to work is strong throughout the sample.²⁶

In addition Brewer claimed that the fact that 57 percent of persons interviewed had never been unemployed before proved that these people at least held a strong commitment to the work ethic.²⁷ He stated that only two participants in the study had expressed anti-work attitudes.²⁸ The conversations that had led Brewer to conclude the possession of 'anti-work attitudes' were not analysed or included. While 'anti-materialist' lifestyles had been respected and even encouraged by pro-welfare groups during the early Whitlam era, they received less attention under the changed political circumstances. Now the focus was on challenging the images of the unemployed that had emerged in parliament and media discourse. Chief among these was the dole bludger. The focus on the work ethic extended to proving that the unemployed were 'self-reliant' and not, in fact, willingly 'dependant'. Brewer insisted that proof lay in the fact that the unemployed frequently delayed registration for unemployment benefits and in many cases did not register at all. The study referred to an inquiry into rural poverty that found only 4 per cent of respondents registered for unemployment benefit each time they were out of work while 78.5 per cent never registered.²⁹ Rather than calling for a campaign to raise benefit awareness in these communities, Brewer used this as evidence against the existence of the dole bludger. The immediate aim of action research was not to raise the social awareness of the unemployed themselves, it was to counteract New Right discourse.

²⁶ Graeme Brewer, *Workers Without Jobs: A Study of a Group of Unemployed People*, Brotherhood of St Laurence, Fitzroy, 1975, p.80.

²⁷ *Ibid.*, p.66

²⁸ *Ibid.*, p.75

²⁹ *Ibid.*, p.79

Members of the ALP also began to find this type of evidence and to present it in parliament and in the media. Even those who had eschewed the work-ethic assessment as belonging to a past 'draconian' welfare era began to counter claims of dole bludging with stories of men and women desperate to work. These stories usually consisted of claims that the person 'just wanted a job' and would 'take anything' offered. He or she did not wish to be dependent. While this type of work ethic rhetoric did not dominate ALP welfare discourse, the fact that it appeared at all is evidence of a major shift in welfare discourse within the party. Perhaps the best example of this shift lies in the 1979 publication by the ALP member for Port Adelaide and opposition spokesman for employment and industrial relations, Mick Young. The book, titled *I Want to Work*, included an opening chapter that traced a week of his dealings with the unemployed. Each day, Young found another unemployed person who wanted a job but could not get one. On Thursday for example, he was introduced to Nick, a forty-six year old pastry cook who had been out of work for eight months. Young told readers that:

There is no demand for experienced pastrycooks, and Nick can't get any other kind of work. Sometimes he makes twelve phone calls a day. He is prepared to take any kind of work. Once the Commonwealth Employment Service sent him to a factory job. When he arrived and was interviewed he was told that he was over-qualified for the job.³⁰

These stories are typical of those found in pro-welfare discourses after 1974. The work effort is apparent, even in the face of insurmountable odds, and contradicts the assertion that the unemployed are 'work shy' or 'too choosy'. What is even more apparent in these stories, and in many more like them, is that the unemployed are suffering and not, as some would have it, living in luxury. In other stories the unemployed were represented as suffering financially, physically, emotionally and psychologically. The advent of unemployment caused previously stable, healthy individuals to experience life changes and personal changes that could only elicit sympathy from their detractors. The defensive nature of this discourse is apparent.

³⁰ Young, p.10

Anti-poverty activists who had previously forged ahead with radical strategies for empowerment were now forced to construct images of the poor for an audience influenced by the media and parliamentary shift to New Right discursive frames. This meant defending images of the poor that they had, themselves, attempted to dismantle.

One example of this was the common claim made by welfare advocates that the unemployed, suddenly burdened with too much leisure time did not know how to use it. Without work, time had no structure. This led to boredom, apathy and anti-social behaviour. Analyses of this kind focused on men whose self-esteem and social life was seen as being more directly connected to market-based work than women's. Women in search of paid employment devoted more time to non-market caring work, and this was regarded as a natural fallback position. However, it was not seen as proper work for men, and those men who did take up caring work while unemployed were regarded as having suffered a 'crushing indignity'.³¹ Consequently, unemployed men were regarded as 'doing nothing' and within these studies, men's experience was regarded as the norm.

Welfare advocates turned to sociological and psychological studies to support these claims with the intent to prove that 'the unemployed are *not* happy doing nothing'.³² Young drew on the work of English sociologist J.M. Hill while Brewer, in his 1980 book *Out of Work out of Sight* drew on the work of Marie Jahoda, an English psychologist whose 1933 study of the Austrian township of Marienthal described unemployment as 'paralysing'.³³ Her thoughts on the burden of leisure time focused upon its 'paralysing' effects:

Even if the people with their altered state of time scarcely notice its progress any longer, the months go by and the foundations on which

³¹ See for example: The Herald Investigation Team, 'He keeps house while his wife earns. It's work I want, not holiday', *Sydney Morning Herald*, 11 December 1974, p.1

³² *Ibid.*, p.40

³³ Marie Jahoda et al, *Marienthal: The Sociography of an Unemployed Community*, Aldine-Atherton, Chicago, 1971, p.3

their life still rests are crumbling gradually and irresistibly away. The question is, how long can this life continue?³⁴

Brewer cited Jahoda's work as evidence of his claims that without work the unemployed had lost all perspective on life and were merely 'marking time'.³⁵ Welfare advocates also pointed to the absence of time structure leading to a loss of self-identity and to a loss of the elusive factors that make a person a complete human being. Brewer described the unemployed people he had interviewed as 'shadows of their former selves'.³⁶ On the first page of *Out of Work out of Sight* he quoted Albert Camus: 'Without work, all life goes rotten'. Even Young in his efforts to humanise the statistics drew upon imagery that unintentionally dehumanised his subject; unemployment he said 'destroys people as workers and as human beings'.³⁷

Physical and mental illness were cited as a symptom of this destruction. High correlations between unemployment and divorce rates, crime rates, child abuse, physical ill health, (such as heart disease and peptic ulcers) and suicide rates were noted, as were correlations between unemployment and psychosomatic illness. A correlation between unemployment and drug taking was also revealed, though welfare advocates were careful to point out that 'hedonism and escapism were not the rule'.³⁸ Rather, this drug taking was of a kind that stemmed from depression and anxiety. The words of an unemployed teenager interviewed by Brewer followed these claims:

I'm prone to depression anyway. At present I just stay in bed listening to records. I don't wash or care for myself much and I've become a compulsive eater. I've had a lot of aches and pains; but when I went to the local Health Centre they said there was nothing wrong with me, physically. My father pressures me but the more he pressures me the more I go against society. That's why I got on drugs—not hard drugs, though.³⁹

³⁴ Ibid., p.78

³⁵ Graeme Brewer, *Out of Work, Out of Sight: A Study of the Impact of Unemployment on a Group of Australian People*, Brotherhood of St Laurence, Fitzroy, 1980, p.50

³⁶ Ibid., p.56

³⁷ Young, p.40

³⁸ Brewer, *Out of Work*, p.54

³⁹ Ibid. p.54

In Brewer's study, the acquisition of work reversed 'any previous trends toward psychological disturbance'.⁴⁰

The ALP member for Gellibrand, Ralph Willis, insisted that the young unemployed would naturally turn to crime and violence, and that the government only had itself to blame.

Can we really expect these young people to share society's values and act according to norms if they are unable to get jobs? I do not think that we can expect them to do so and I do not think that they will do so. I think that they will become anti-social. One can understand why that will be the case...Of course, that is the sort of thing that one can expect to happen because they are being rejected by society and are not going to abide by the norms of society.⁴¹

Similarly, as a means of highlighting the gravity of the problem, Mick Young quoted at length a newspaper report on the 'Frankston riot', which it claimed to be a spontaneous reaction stemming from alcohol and mob mentality among the unemployed.

Violence. No jobs, so youth rioted: professor

Unemployment could be the root cause of Friday night's youth riot in Frankston, says a leading sociologist. And, he said yesterday, violence should be looked upon as a national problem which is not likely to go away while high youth unemployment is allowed to persist. It is believed police are likely to put a case for tighter control over youths in the area at a "top level" conference today. But, says LaTrobe University sociologist Professor Alfred Clark, that is not likely to solve the problem—resentment of authority is probably at the heart of the matter. Recent Commonwealth Employment Service figures showed the Frankston area as one of the worst pockets of youth

⁴⁰ Ibid., p.57

⁴¹ Ralph Willis, MP, *House of Representatives, Parliamentary Debates*, 21 April 1977, p.1100

unemployment in the State. The CES listed almost 2000 registered unemployed under the age of 21 in the area. Detective Chief Inspector Murray Burgess of the Frankston CIB said he had no doubt that unemployment contributed to crime, which rises by 8% annually in the area. Professor Clark said that in such an area it would not take much to spark trouble among youths spilling out of hotels at closing time. 'They would not even have to be drunk or in a bad mood when they hit the street' he said. 'Resentment of authority is very strong among the young unemployed and young people in menial jobs.' Any example of authority being wielded could quickly turn a happy crowd into an ugly mob, Professor Clark said.⁴²

While the Left often use stories of protest and dissent to highlight the need for change, stories of 'mob activity' and anti-social behaviour are more likely to come from the Right of politics. This is because the Right represent left-wing protest as stemming from inherent anti-social behaviour, while the Left are more likely to represent protest that they support as being issue-based. While Young and Willis may have intended to draw attention to the damage to communities and to individuals affected by unemployment, interpretation within the New Right frame that had become dominant within the media further separated the unemployed from 'law abiding' taxpayers. While these stories of physical and psychological suffering helped to draw attention to poverty during the late 1960s and contributed to the weight of calls for policy change, they did so under conditions in which the dominant policy and discursive frame was Keynesian, and therefore supportive of the welfare state. Attention to these pathologies during the 'economic crisis' led to New Right claims that the unemployed had abandoned social mores. In many cases these stories could be interpreted as a reaffirmation of New Right claims that the unemployed were apathetic social misfits for whom their own character was the only obstacle to finding a job. Even more detrimentally these discourses could be used by the New Right to support claims that welfare payments were not good for the recipient's wellbeing. In fact, provision only led to a 'welfare disease' the symptoms of which included all of these pathologies.

⁴² Young does not cite the reference, in Young, pp.44-45

Some activists recognised the dangers in using these discourses in a media and political climate dominated by New Right welfare frames. In his role as head of the unemployed activist group, Coalition Against Poverty and Unemployment (CAPU) and as a researcher at Footscray's Urban and Social Research Centre, Harry Van Moorst was the first to coin the term 'dole pathology' to describe the effect of discourses of suffering within social research at this time. He reacted against work that focused upon psychological disorder, family violence and drug and alcohol abuse as the major issues surrounding the unemployed. His main objection was not that the unemployed did not suffer, or harbour drug and alcohol problems, or commit crime. Rather Van Moorst argued that by focusing upon these factors, activists failed to counter right-wing discourses that promoted 'personal change' rather than social or economic change. In 1982, when the discourse had been well and truly established Van Moorst wrote:

An ideology of unemployment as pathology is in large part a convenience analogous to the ideology of the unemployed as dole bludgers. Where the one is no longer acceptable the other enables a similar diversion from the reality of unemployment... instead of seeing them as lazy, incompetent and potentially evil, the unemployed were slowly transformed into people to be pitied as unfortunate, pathological and potentially tragic... the unemployment pathology ideology is largely the unintended consequence of good intentions amidst bad politics.⁴³

Bob Hawke, while still head of the Australian Council of Trade Unions, made an observation of this nature in his 1979 Boyer Lecture:

Pathological behaviour may be the reaction of some individuals to these experiences, but it by no means is a necessary or generalised response. The danger of irresponsible or unsubstantiated assertions is that possible behaviour arising out of the loss of income, and the

⁴³ Harry Van Moorst, *Radical Strategies in Leisure and Welfare*, Footscray Institute of Technology, Footscray, 1982, pp.11-12

feelings that accompany the psychological experience of individual unemployment, are seen as causal of such pathological behaviour. The logical outcome of this false and simplistic perception is that each individual becomes the repository of antisocial tendencies and, as a group, a potential threat to society.⁴⁴

When Bob Hawke became Prime Minister of Australia in 1983, his unemployment policies were informed by an ideology and discourse similar to the one he had railed against in 1979.

Discourses of suffering were indeed good intentions amidst bad politics as Van Moorst asserted, but they were more than that, they were representative of the New Right's newfound power to shape the terms of the debate. The role that suffering played in left-wing discourses had not necessarily changed, though it had intensified. What had changed was the frame within which these discourses were interpreted. The shift from Keynesian frames to New Right frames in media and politics ensured that the social, physical and psychological difficulties experienced by the unemployed could be transformed to strengthen New Right claims about dole bludging and the detrimental nature of welfare benefits.

Liberal rights for the unemployed

Outside of discourses of suffering, welfare advocates maintained a commitment to liberal rights developed throughout the early years of the Whitlam Government. These ideas existed both within the Brotherhood of St Laurence and within the ALP, and led to the formation of organisations such as the Unemployed Workers Union (UWU), a disparate collection of unemployed people and social activists incorporating anarchists, communists and non-affiliated members. Most common among the rights advocated for on behalf of the unemployed were the right to privacy and the right to an alternative lifestyle. In advocating for these rights the proponents challenged the conservative elements of the government's welfare direction. However, the shift to New Right frames in media and politics meant that these discourses no longer 'belonged' to the Left. They had come to be publicly associated with the New Right's

⁴⁴ Hawke, p.10

campaign to free taxpayers from the burden of the welfare state. Under these circumstances, discourses that supported the rights of the unemployed to be 'left alone' by government took on a whole new meaning.

As they had done before the economic crisis welfare rights advocates continued to seek acceptance for alternative and anti-materialist lifestyles, claiming that welfare recipients had a right to be left alone if they wished to pursue non-conformist modes of living. Under the circumstances of high unemployment and fiscal restraint present during the stagflation, it was increasingly claimed that the unemployed should adopt these lifestyles in order to increase their quality of life. In 1976 South Australian ALP Senator, James Cavanagh, introduced the idea to the Senate, advocating for a removal of alternative lifestyles from public scrutiny. Given that there were just not enough jobs to go around, Cavanagh believed that parliament should concentrate its efforts on finding jobs for those who do wish to work. In a speech made to the Senate on 19 February, he expressed this view:

That raises the question of what we should do when we cannot employ the full population. We have a group of people who have elected to fashion their lives to living on the dole, and in some cases to living as a group in a house. They are people who have elected to utilise a system that we have introduced for the purpose of obtaining their livelihood. It is far better for leisure time to be in the hands of those who have selected it than of those who are forced into it... If we cannot provide job opportunities we should seriously consider whether our contribution should be to ensure that such people are not in competition with those who wish to work.⁴⁵

Although Cavanagh's suggestion met with little if any response, it was not long before the idea made its way into groups within the government sector and eventually into policy discussions.

⁴⁵ Senator James Cavanagh, *Senate Debates*, 19 Feb 1976, p.118

In October 1977, *The Age* reported that the newly formed Community Youth Support Scheme (CYSS) Project Officers Association had decided to 'help the young unemployed survive structural unemployment by encouraging them to become self-employed and to adopt alternative lifestyles.'⁴⁶ It was reported that the organisation would hold a workshop involving members of local and State government in order to produce concrete recommendations to this effect. A spokesperson for the organisation stated that the workshop would 'be investigating such things as the redefinition of the work ethic and the role of education and leisure because it looks as though the problem of structural unemployment will be with us for a long time.'⁴⁷

Organisations of the unemployed were also in favour of the proposal. The UWU promoted squatting as an alternative to private rental or public housing. In 1981 the UWU formed the Squatters Union 'to fight for the right to live in vacant houses' and began moving unemployed and other disadvantaged people in. The union also initiated a number of schemes to encourage the squatters to live communally and to pool their resources.⁴⁸ By 1982 a 'back to the land' alternative lifestyle scheme was floated within state and federal parliaments. Queensland ALP Senator Gerry Jones claimed that the unemployed would 'welcome the opportunity to become semi-independent from perpetual reliance on a miserable welfare income.' The government would provide a once off 'establishment grant' to get the communities on their feet and then remove them from the welfare rolls. Jones considered this a viable option because no country could afford the level of welfare payments that burgeoning unemployment would create. 'There's nothing wrong with a society within a society' he said.⁴⁹ The idea was also touted by other Federal members of the ALP, but met with a higher amount of enthusiasm during the years of the Hawke Labor Government during which a government Inquiry was held to establish the viability of the plan.⁵⁰

⁴⁶ 'Group defends the rights of the unemployed', *The Age*, 24 Oct 1977, p.21

⁴⁷ Ibid.

⁴⁸ '20 vacant houses become homes for the unemployed', *Cheque Mate*, no.19, p.3

⁴⁹ 'Alternative lifestyle "may help jobless"', *Courier Mail*, 25 October 1982 p.18

⁵⁰ The Office of Youth Affairs commissioned 9 research studies on self-sustaining communities for the unemployed between 1983 and 1985. These communities were intended as an alternative to, and not in addition to, unemployment benefits. John Kerin, MP, *House of Representatives Parliamentary Debates*, 14 February 1986, p.632. For a further discussion of the alternative lifestyle plan see Jocelyn Pixley, *Citizenship and Employment: Investigating Post-Industrial Options*, Cambridge University Press, Cambridge, 1993, especially Chapter 5

While 'back to the land' schemes indicated a shift toward an active policy of autonomy and 'freedom' for the unemployed it also represented the extent to which the New Right had appropriated these concepts. After 1974, support for alternative lifestyles could be interpreted as support for decreased government responsibility. These discourses had been developed in the late 60s and early 70s to challenge conservative and paternalist ideals that dominated policy and public discourse prior to 1974. The shift to New Right discursive frames in politics and media meant that the 'back to the land' scheme along with other alternative lifestyle forms of protest were interpreted as examples of laudable self-sufficiency.

Other, more passive, liberal rights were also fought for by the unemployed and their supporters. Prominent among them was the right to be 'left alone' by bureaucracy. After 1974 the New Right mirrored these ideological aims, but in claiming these rights for taxpayers they denied them to welfare recipients, calling instead for greater investigatory powers to be wielded over beneficiaries. This New Right version of freedom from bureaucracy received more attention in the press and in parliament. The Left no longer seemed to have a stake in this version of freedom. The New Right had appropriated it and naturalised a transformed version of it through media and parliamentary discourse. After 1974 calls for freedom from bureaucracy, whatever their intention, strengthened the claims of the New Right.

One such example was the response to field officer investigations. In their campaign against the investigations, advocates asserted the rights of the unemployed via calls for freedom from bureaucracy. After seeing how welfare recipients had been treated by the system it seemed a natural response among welfare rights organisations to blame bureaucrats and the rules that directed them. Field officers had existed within the DSS since its inception. Their role was to check up on claimants at their homes, to ask a series of questions regarding the claimant's work effort and to make a decision, based on 'evidence' gathered in the field, as to whether the claimant should be removed from benefits. In 1978 Mobile Review Teams were formed and on 13 February an intensive 'crack down' was conducted.⁵¹ This was the beginning of a long and concentrated effort. Unemployed people were removed from benefits for

⁵¹ Senator Ruth Coleman, *Senate Debates*, 28 February 1978, p.133; Senator Don Grimes, *Senate Debates*, 10 April 1978, pp.1030 and 1228

reasons such as being 'not at home'. In addition, neighbours were questioned about the recipients' work efforts. Their responses were used as further evidence toward a decision.⁵²

In most cases unemployed people had little to no experience fighting departmental decisions. Most would not seek someone to advocate on their behalf. And in cases where the decision seemed arbitrary, many did not know what to fight against. Welfare advocates could not help but portray bureaucracy as a monster devouring the underdog, in much the same way that it had done prior to 1974. Ian Yates from the ACOSS spoke of the feeling of hopelessness and the social pathologies stemming from the application of this type of bureaucracy. On the radio programme PM he said:

Migrant groups and young people in particular just can't cope with this bureaucratic system. They are very genuine, but their world is different to the trained, hard world of the investigators. These people are dropping out of the system and becoming more and more alienated. They are having to live off their wits, or petty crime, or off friends, and becoming more and more alienated and that's a very real social problem.⁵³

Similarly, a field worker from Sydney's Outer Western Regional Council for Social Development spoke of the fear that the unemployed experienced subjecting themselves to bureaucracy. This, she said, would often result in the unemployed person deciding not to claim benefits. '[T]hey are afraid to confront the bureaucracy, they don't know how to handle it because they are shy and diffident. They get beaten by the system.'⁵⁴ The Unemployed Workers Movement (UWM) of Western Australia in their short-lived monthly newsletter insisted that the unemployed had good reason to be afraid of bureaucracy. As soon as a recipient stepped a foot wrong they would be struck off benefits. If that didn't happen, a bureaucratic bungle would soon see to the recipient's removal.⁵⁵

⁵² Brewer, *Rough Justice*

⁵³ Ian Yates, *PM*, 15 February 1978, cited in Law p.244.

⁵⁴ 'Dole check attacked by welfare groups', *Sydney Morning Herald*, 14 February 1978

⁵⁵ Unemployed Workers Movement (WA branch), *Newsletter*, Perth, September 1978, pp.1-2

Among some of the more successful protesters were left-wing liberal bodies such as the Council for Civil Liberties. Various members were given space to air their views in the press. In the *Canberra Times* the President of its Victorian branch, Dr Alan Hughes, claimed that bureaucracy had usurped the rule of law in the case of field officer investigations and that the invasion of privacy and infringements of civil liberties were a national scandal.⁵⁶ In 1979 ACOSS asked the Law Reform Commission to investigate whether the invasion of privacy breached any laws.⁵⁷ Some welfare recipients had other ideas on how to deal with the invasion of privacy. The Work for Today Coalition, of which Harry Van Moorst was a key member, published a newsletter suggesting that the unemployed sabotage the field officers' cars. 'After all, it would certainly make their spying difficult if, on each morning they set out for a hard day's work they found their cars had been disabled.'⁵⁸ But in most cases abstract notions such as big government and bureaucracy bore the brunt of criticism. This meant that both welfare advocates and those on the New Right who opposed welfare were fighting for the right to be 'left alone' while at the same time expecting vastly different outcomes. The shift to New Right discursive frames in media and parliament meant the right to freedom from bureaucracy was most often represented as the right of the taxpayer. Left-wing social justice claims using this concept were largely relegated to activist newsletters.

One of the main obstacles to the success of suffering discourse and liberal rights discourse was the fact that the Left were competing with the New Right to shape their meaning within a public arena. The shift to New Right frames within media and parliament ensured that the New Right were in a superior position. However, one further obstacle for the Left was the New Right's ability to construct a mainstream constituency, 'taxpayers', that enabled it to represent its demands, as 'mainstream' demands. In countering the claims of the New Right with discourses of suffering and liberal rights for the poor, welfare advocates failed to draw any connections between the plight of the poor and that of the 'mainstream'. The next section will examine left-wing attempts to construct collective identities incorporating welfare claims to rival those of the New Right.

⁵⁶ 'Harrassed jobless "a national scandal"', *The Canberra Times*, 29 September 1980, p.3

⁵⁷ 'Welfare probe "invading privacy"', *The Age*, 28 June 1979, p.4

⁵⁸ 'Bid to sabotage benefits "spies"', *The Age*, 9 July 1979, p.19

Collective identities and welfare claims – Uniting workers and the unemployed

Front line ‘bureaucrats’ were despised throughout the campaign against field officers, but in other instances they took on a different character and ceased to be part of the bureaucracy. Unionised DSS and CES workers became comrades of welfare advocates and the unemployed during the late 70s and early 80s. While the unemployed were most affected by the welfare policies of the Fraser Government and undoubtedly most affected by dole-bludger discourse, these workers suffered an undeniable strain. Workers at the CES, DSS and CYSS had suffered staffing cut backs commensurate with the Fraser Government’s attack upon a ‘bloated’ public service. At the same time they had seen their workload increase rapidly throughout the mid-to-late 70s as the rate of unemployment had continued its climb. The government’s campaign against dole bludgers pushed the workers to breaking point. Rules were tightened, work tests were applied more rigorously and more often, staff members were increasingly sent away from the office on targeted field-officer investigations, and workers became the first stop for frustrated and angry clients. The President of the union, Paul Munro, expressed fears for the safety of members claiming physical violence to be the inevitable result of the government’s harsh policies.⁵⁹ Every time a decision was made to hunt down the dole bludger, every time the minister implemented new and tighter policies, CES and DSS workers saw their workload spiral. In 1977 Senator Don Grimes reported that the CES and DSS were on a staffing level sufficient only to cope with 100 000 unemployed, and not the 340 00 registered.⁶⁰ These workers could not be ignored. They belonged to a strong union, the Administrative and Clerical Officers Association (ACOA), and were responsible for the front-line implementation of the government’s policies.

In July 1979, the Minister for Social Security Ian Viner unveiled a ten-point plan to tighten the work test. Included within his statement was a plan to ‘help young people maintain their employable skills’ by directing them into ‘volunteer’ work at which dole rates would be paid, plus an extra \$6 a week to cover out-of-pocket expenses. The scheme was to be administered by the CES and DSS. In its article ‘Work test is

⁵⁹ ACOA, Media Release, 27 August 1979, ACOA Papers, Noel Butlin Archives Centre, Z237 Box 225 file 34/9/15; Geoff Walsh, ‘PS may ban dole test: Fears for staff security’, *The Age*, 26 September 1979, p.13

⁶⁰ Senator Don Grimes, *Senate Debates*, 17 August 1977, pp.133–4

key to dole blitz' the *Daily Telegraph* outlined the main features of the ten-point plan, which they claimed as 'an attack on those who have used the Social Security System as a "bankroll" to opt out of work and join "the alternative society"'. From now on people would have to accept casual, short-term, part-time and temporary work. Unemployment benefit recipients were to provide details of employers they had approached in an effort to find work. Unskilled workers, and after six weeks, skilled workers, would have to accept any job considered within their capacity. Anyone refusing a job involving considerable travel to and from the place of employment would have to prove that the travel cost more than 10 per cent of wages earned or lose the dole. Anyone who 'voluntarily' left a job or who did not meet the requirements would lose benefits for between six and twelve weeks. In addition, the CES were ordered to recall all beneficiaries regularly for fresh work test 'interviews'.⁶¹

Talk of the new requirements in the months before their announcement had strengthened the ACOA's resolve against them. In advance of Viner's announcement the union issued a discussion paper outlining its dissatisfaction with government policy and urging its members to act contrary to it. The paper claimed that:

In proposing these changes, the government is conveniently ignoring the fact that unemployment will only reduce with the creation of a large number of jobs. Tightening dole payments only increases suffering amongst those already out of work...A.C.O.A. cannot sanction the application of the work test, as it is totally inappropriate unemployment policy that can in no way improve the employment situation. It adversely affects unemployed people, the CES and its staff.⁶²

Within a month of Viner's announcement the union began surveying staff to gauge the level of support for a work-test ban. Opinions were mixed, but of the 431

⁶¹ 'Work test is key to dole blitz', *Daily Telegraph*, 24 July 1979, in Administrative and Clerical Officers Association (ACOA) papers, Noel Butlin Archives, Z97 box 50

⁶² 'The work test, the Commonwealth Employment Service, and unemployed workers', Bulletin from Barry Cotter, Secretary NSW branch ACOA to ACOA members, ACOA papers, Noel Butlin Archives, Z97 box 50

Victorian branch CES respondents, 353 supported a ban if industrial objectives were not met, while 350 also supported a ban on 'humanitarian grounds'.⁶³

In addition, ACOA members were asked to consider, as trade unionists, the effects of the policy on fellow workers. The union saw a link between unemployment benefit policy and the oppression of all workers. Tighter benefit policies were seen to impede the effectiveness of all trade unions by punishing those who refuse unsafe, ill-paid or unsatisfactory work. 'There can be no clearer example of perversion of social security arrangements for political ends—in this case divisions within unions are fostered, and a check upon industrial action is attempted.'⁶⁴ In August a representative of the union, Paul Munro, met with Ian Viner to discuss ACOA action. Viner was informed of the union's plans to implement a work-test ban. An unproductive discussion led to the bans being implemented almost immediately.

Three months later the ACOA began a public campaign as CES, DSS and CYSS members joined forces with the radical UWU to form an Anti-Work-Test Committee. On the 17th, the Committee led 100 protesters in a rally staged at a Melbourne swimming pool being opened by the Minister for Health, Ralph Hunt, who had become notorious for his 'dole-bludger bashing'. One speaker threatened the minister claiming that ACOA members were 'willing to put their jobs on the line' if it meant that they would no longer be 'compelled to do the hatchet work for a government more concerned with neat statistics than the needs of human beings.'⁶⁵

By April the following year the campaign had strengthened. The ACOA had become more involved with the UWU and together they began distributing pamphlets urging the unemployed to 'take action'. One pamphlet stated that changes to the work test had been intended 'to bring about short-term political gain and to greatly benefit big

⁶³ DSS application of Work Test. ACOA survey of members, ACOA papers, Noel Butlin Archives, Z237 Box 25; Geoff Walsh, Among those opposed to the ban, RJ Fowler, of the Department of Employment and Youth Affairs stated that he 'welcome[d] the opportunity to protect the Australian taxpayer...from certain members of the community'. See RJ Fowler, Letter to the Editor, *Administrative and Clerical Officers Journal*, 13 November 1979, Noel Butlin Archives Centre, Z97 Box 50 34/9/15

⁶⁴ ACOA Federal executive agenda item 2. Administration of unemployment benefit, 27 Nov 1979, ACOA papers, Noel Butlin Archives, Z265 Box 140

⁶⁵ 'Protest over new dole rule', *The Sun Pictorial*, 17 Nov 1979

business interests'.⁶⁶ The ACOA also assured the unemployed that its members would interpret the dole rules as liberally as possible and that they believed that 'if you are unemployed you have the *right* to receive benefits, and at least at poverty line rates.'⁶⁷ The work-test ban was lifted in 1980 in response to government concessions to employ more front-line workers in its CES and DSS offices. However, the politicisation of the ACOA workers in regard to their role as public servants, the rights of welfare recipients, and the impact of welfare policy on industrial relations remained. Many workers continued to apply the ban covertly well beyond 1980.⁶⁸

The impact of the government's welfare policy on industrial relations did not escape the ALP. Members such as Keith Johnson, Senator James Cavanagh and Deputy Opposition Leader Tom Uren made passionate speeches about the work test and its potential as a weapon for employers. In response to the work test introduced to parliament on 30 March 1976, Johnson argued:

It is a blatant attempt to cow those who are in employment and to discourage the taking of any action which may be regarded as being an assault on the established way of doing things or more likely a threat to the holy cow of profit. The new 'guidelines' as I think they are referred to place an enormous and terrible power in the hands of employers and can place an intolerable burden upon those who are employed or who seek employment...Very few if any people like being unemployed and most will go to extraordinary lengths to retain their employment. If there is no prospect of alternative employment or the receipt of unemployment benefit the employee is completely at the mercy of the employer.⁶⁹

At one public rally, held at Trades Hall in Sydney in 1976, Tom Uren urged workers to see the 'dole bludger' as a tool used by employers and the Fraser Government to

⁶⁶ Draft ACOA leaflet. A statement authorised by the federal executive of the Administrative and Clerical Officers Association, Noel Butlin Archives, Z265 Box 140

⁶⁷ Ibid.

⁶⁸ Law cites 'several sources' who have informed him of this pp.299-300

⁶⁹ Keith Johnson, MP, *House of Representatives Parliamentary Debates*, 30 March 1976, p.1117

divide workers.⁷⁰ These words had the potential to speak directly to the workers who were told that the Liberal Government were vanquishing their economic enemies through the use of harsh new welfare policies. The potential existed for workers to see themselves as the victims of welfare policy and to see the benefits to the working class, and particularly the unskilled working class, in the introduction of a more relaxed welfare policy. Although concerns to this effect were at times expressed in parliament, they did not make their way into the papers and never really became a part of public welfare discourse. The most public use of this discourse was within the newsletter publications of the UWU and the UWM. The socialist influence within the UWU and the UWM led to the promotion of unity between the working class and the unemployed. It was claimed that their interests were the same, that they were of the same class and that they shared the same enemy: capitalism. The names of both organisations suggest not just a feeling of unity with workers but an identification of the unemployed *as* workers.

Articles such as 'Unemployment = exploitation' which appeared in the May 1979 edition of the Adelaide UWU's *Cheque Mate?* spoke of the increasing use of casual non-ongoing labour to clear backlogs in workplaces. Workers were forced by DSS to take the work or lose the dole. No sick pay, holiday pay, or annual leave was awarded. The workers would at times be given an hour's notice that they had become excess to requirements. One casual worker sacked in this manner joined the UWU and told the reporter that 'his experience taught him a lot about the way employers can exploit the unemployed.'⁷¹ Most editions included cartoons of fat employers in top hat and tails doing things such as holding fists full of money or moving men and machines around on a chessboard, or holding whips and hoops through which the unemployed and workers were to jump.⁷² The capitalist class was seen as the enemy of all workers, employed or unemployed. Capitalism was seen as the cause of poverty and of financial burden for all non-capitalists.⁷³

⁷⁰ Uren, T, MP, Speech to Public Rally on Unemployment, Trades Hall, Sydney, 6 October 1976, pp.913-16

⁷¹ Unemployed Workers Union (SA branch), 'Unemployment=Exploitation', *Cheque Mate?* no 5 May 1979

⁷² Unemployed Workers Movement (WA branch), *Newsletter*, September 1978 and October 1978

⁷³ Unemployed Workers Union (SA Branch), 'The money game: what is the real cause of poverty?' *Cheque Mate?* No 20 (n.d.)

Protest incorporated these cognitive frames, targeting the ruling class as the enemy of all workers and welfare recipients. The most spectacular examples of this occurred in 1982 when unemployed workers occupied the notorious Melbourne Club, an exclusive inner-city men's club incorporating Melbourne's elite whose members included the entire council of the Melbourne IPA as well as the Prime Minister and the Minister for Employment and Industrial Relations Ian Viner.⁷⁴ The first of these occupations, which occurred in October 1982, was organised by the Work for Today Coalition and involved 17 protesters entering the dining room at the club to stage a 'lunch-in'. The protesters demanded free meals and accommodation be provided at the club for the unemployed, pensioners and children of working women. The second occupation involved hundreds of protesters who marched from the CAPU Stop the City rally to storm the Melbourne Club and hurl abuse at its members. Once inside protesters smashed two glass doors, threw furniture and bookshelves and smashed upstairs windows. One protester said 'We want them to know that we are very angry. That is the ruling class in there, that's the tax evaders'.⁷⁵

This type of discourse and action, which draws the unemployed and workers together into the one cognitive frame, is reminiscent of the struggles of the 1890s and 1930s. As Charlie Fox has pointed out, organisations of the unemployed in the 1930s were generally founded by, and closely tied to, reformist labour unions or to the Communist Party. Both reformers and radicals fostered solidarity between the employed and unemployed organisations under their direction. The Communist Party, for example, feared that fascism would become an attractive option for the Australian working class and saw unity between the employed and unemployed as an antidote, urging that workers join the unemployed in their struggles and vice versa.⁷⁶ In addition, the ACTU and Trades Hall Council became principal organisers of unemployed activism. While communists drew on a discourse that pitted the unemployed and workers against capitalists, reformers saw 'the money power' as the enemy of the unemployed and workers. It was they who had created unemployment in an attempt to smash the working class.⁷⁷

⁷⁴ *Who's Who in Australia*, Information Australia, Melbourne, 1982

⁷⁵ Paul Chadwick, Roy Eccleston and Matthew Bolton, 'Job protesters storm Melbourne Club', *The Age*, 13 November 1982, p.1

⁷⁶ Fox, p.49

⁷⁷ Fox, p.54

Despite the discursive solidarity displayed by the UWU during the 1970s and 80s, organisational solidarity between labour unions and the unemployed is difficult to find. In fact, the Melbourne Club protests may have resulted in the decline of what little unity existed. Although this type of action framed unemployed people as sharing in common with workers their struggle against the ruling class, labour organisations regarded the unemployed activists as too radical. Up to this point the UWU in particular had attempted to forge links with more powerful labour unions. For a brief period following its formation in 1977, the UWU was keen to establish an infrastructure upon which unemployed activists could rely for support. While unemployed activists had very little in the way of financial and power resources, it was agreed that if they could manage to establish themselves as part of a broader labour movement network, these all-important mobilising tools may become accessible. To these ends it courted Trades Hall and attempted to gain the support of the ACTU, and there is some evidence of success, with the ACTU releasing in 1980 a circular calling on local Trades Halls to organise protests against unemployment.⁷⁸ Aside from isolated instances however, labour organisations were largely unwilling to connect themselves with unemployed politics and after the Melbourne Club protest of 1982, this willingness declined to almost zero. In 1983, the Labor Northcote City Council evicted the UWU from a building on Council owned land, demolishing the building within minutes of police sledge hammering down the doors and dragging 16 members out. The UWU attributed this to its 1982 radicalism and increasing criticism of the Labor Party.⁷⁹

Despite an inactive relationship with labour movement organisations, other resources were available to the unemployed. Throughout the 1970s, feminists made increasingly powerful calls for women's right to work, a right that was challenged consistently during the recession. Their calls at times erected cognitive frames that cut across the taxpayer/dole bludger divide by grouping all women together in struggles over the right to work and to receive income independent of a male breadwinner.⁸⁰ Women

⁷⁸ Ibid., p.32

⁷⁹ Ibid., p.39

⁸⁰ A number of organisations were active in mobilising women around right-to-work claims. Most prominent among them, Women's Electoral Lobby (WEL), Women's Employment Rights Campaign (WERC) and Women's Employment Action Centre (WEAC). The South Australian

were often more effectively drawn into cognitive frames that offered an alternative to a 'taxpayer' identity, largely because tax cuts could not be constructed as offering the same financial benefit to women as to 'primary breadwinners', and because women, who were more often primary carers, had more direct contact than their males partners with services and benefits offered by the welfare state. For this reason many feminist organisations, the Women's Electoral Lobby (WEL) included, fought against tax cuts, preferring increased redistribution to women via the welfare state. The WEL 1982 budget submission argued that the tax cuts and expenditure reductions announced in the budget 'do not reflect the needs of women and their dependants' and that

The lack of services for the aged and the young, as well as the disabled, ill, homeless and poor, places additional pressure on women. Therefore WEL believes that women in Australia would not support tax cuts which lead either to reductions in such services or the lack of essential expansion.⁸¹

These discourses were helpful to unemployment benefit recipients. They erected an alternative to the taxpayer identity that the New Right forged for 'average Australians' and encouraged women to adopt the identity of 'welfare recipient'. Feminist support for the welfare state was an important power resource for welfare recipients, but it too was limited. Feminists had more access to government and media than did radical unemployed activist groups, however, their institutional base was much weaker than that of the New Right. In fact, more often than not, the media and government members who adopted New Right discourses, attempted to discredit the claims of women as 'special interest' claims that supported only the welfare establishment and not average Australians. *The Australian* waged a campaign against women's right to work in 1978, and attacked 'middle class' women who made demands upon the welfare state and the labour market. Also, feminist calls for women's right to work and support for the welfare state did not really erect alternative identities for unemployment benefit recipients to challenge the 'dole bludger'.

branch of the Unemployed Workers Union also had an off-shoot Unemployed Women's Union contributing monthly articles to *Cheque Mate?*: See for example: 'Women – Targets of Abuse' and 'Women and the Dole', *Cheque Mate?*, no. 14 (n.d.), pp.3 and 4, 'Waiting for a living wage', *Cheque Mate?* (circa August 1981), p. 2, 'Women's Mobilisation Now – An Issue to Unite Around!', *Cheque Mate?*, no. 20 (n.d.), p.4

⁸¹ Women's Electoral Lobby, *WEL (Australia) Budget Submission 1982*

As I have argued above, discourses that sought to frame the 'worker' to include the unemployed were largely unsuccessful in the public arena. This was partly because they competed with New Right cognitive frames that mobilised institutional and financial resources to establish the worker as 'taxpayer'. Although alliances between workers and the unemployed received some attention in the press during the ACOA work-test ban, they were never really framed within the media as anything more than opportunist radicalism on the part of the unemployed. More attention was given to the claims of overworked CES and DSS staff. Other distinctly anti-capitalist discourses that framed the unemployed and workers as allies in their fight against capital were virtually ignored by the media. These discourses were mainly relegated to activist pamphlets. Their potential as counter discourses was never fully realised within the public domain.

Conclusion

The shift to New Right frames in media and parliament depleted the institutional power resources of the Left and led to a colonisation of left-wing pro-welfare discourses by the New Right. The shift to New Right discursive frames therefore transformed the meaning of these discourses in such a way that they supported broader New Right agendas. Within these dominant frames suffering and liberal rights discourses reinforced claims that the provision of welfare is bad for the poor, that bureaucracy is invasive and incompetent, and that privacy and independence should be paramount. Therefore, this chapter has revealed the extent to which resistance can be contained by dominant discourses.

It has also revealed the potential within left-wing discourses to erect alternative cognitive frames that challenge the taxpayer/dole bludger dichotomy. As Barbara Hobson has argued, the 'process of identity formation itself is crucial for understanding the ability of collectivities to articulate claims and exercise power in welfare states.'⁸² But when these collective identities are denied access to the power resources that exist in media and parliament they are destined to remain peripheral.

⁸² Barbara Hobson, 'Collective Identities, Women's Power Resources, and the Making of Welfare States', paper presented at the Comparative Research on Welfare State Reforms: Research Committee 19, Pavia, 14–19 September 1995, p.2

The New Right were able to combine a process of agenda-supportive cognitive framing *with* financial and institutional resources unmatched by the Left. It is this combination that has led to the domination of New Right welfare agendas in Australia.

Conclusion

In this thesis I have traced the construction of the 'dole bludger' as the enemy of the 'average Australian taxpayer', finding that this construction stems from the New Right's formative period in Australia. The welfare discourse popularised during this period helped promote a general shift away from a Keynesian 'common sense' supportive of the welfare state, drawing Australia instead into a period of neo-liberal 'common sense'. This new 'common sense' cast 'taxpayers' as the supreme bearers of economic rights, and the welfare state as intruding on those rights. The 'dole bludger' then, has arisen from the way in which the New Right has been able to draw the economic needs and desires of non-welfare-recipients, including workers, into a broader New Right hegemonic project being constructed on a global scale.

The 'dole bludger' is a particular indigenous manifestation of a global New Right hegemonic project. As I have indicated in tracing its genealogy, the term 'bludger' has unique connotations within Australia and New Zealand, conjuring images of 'useless' and 'devious' workers who coast on the efforts of others, 'parasitic' bureaucrats who maintain a false sense of superiority over blue-collar workers, and pimps who get by on the earnings of their 'battler'. The term 'dole bludger' maintains these connotations and applies them to the relationship between the worker and the welfare recipient, translating the New Right vision of the welfare state into an Australian vernacular.

The first three chapters of this thesis have been concerned to point out that the origins and discursive content of the 'dole bludger' lay in the development of the New Right hegemonic project in America. The discursive and ideological shift that occurred in America after the simultaneous rise of inflation and unemployment in 1969 was then transferred to Australia via economic think tanks and principal players within the government's inner-circle. As well as demonstrating the New Right as the driving force behind the 'dole bludger', these chapters have demonstrated the institutional and financial resources available to the New Right in its early stages, resources that increased throughout the 1970s. The following chapters have pinpointed the moment at which the New Right struggle to shift welfare-state perceptions moved into the

mainstream, revealing that the economic 'stagflation' of 1974 provided an opportunity for the New Right to build what Antonio Gramsci refers to as an 'historic bloc' and in doing so, to increase its popular influence. My thesis has illustrated how and why the media and political actors adopted New Right welfare frames as well as examining what media and political actors brought to the New Right project.

A foremost concern of this thesis has been to illuminate the process by which workers are encouraged to identify with the New Right welfare project; that is, to see arguments for disabling the economic rights of the unemployed and contracting welfare state services as 'in workers' interests'. By illuminating this process I have revealed the extent to which New Right welfare discourses recognise and use the very real economic constraints felt by workers in their day-to-day lives, casting them as the concerns of all Australian 'taxpayers' and placing the blame upon the welfare state and upon 'parasitic' benefit recipients in particular. This finding supports Gramsci's theory of hegemonic projects, here articulated with reference to the New Right by Stuart Hall:

[Neo-liberalism's] success and effectivity does not lie in its capacity to dupe unsuspecting folk but in the way it addresses real problems, real and lived experiences, real contradictions—yet it is able to represent them within a logic of discourse that pulls them systematically into line with policies and class strategies of the right.¹

The dole bludger versus taxpayer dichotomy provides us with a perfect example of how the New Right were able to drive such a major shift in welfare-state discourses in Australia and to discursively construct workers not just as collaborators in dismantling the welfare state, but as the 'forgotten people' on whose behalf they spoke.

Discourses about a 'new class' of welfare state bureaucrats have, of course, supported this claim. Through this discourse workers have been encouraged to see the welfare state as something alien to them, something that supports not only dole bludgers but

¹ Stuart Hall, quoted in Hay, *Re-stating Social and Political Change*, p.139

also parasitic 'elites' keen on gaining financial benefit in the industry at the expense of the 'average Australian taxpayer'. Throughout this thesis I have shown that 'new-class' discourse has supported 'dole-bludger' discourse and, like the latter, can also be traced back to the formative years of the New Right. While other work examining new-class discourse in Australia traces its earliest manifestations to the 1980s and 1990s, this thesis has shown that it is intricately tied to the New Right anti-welfare-state agenda that emerged in Australia in 1974.

There have only been a handful of studies examining dole-bludger discourse in Australia. This is the first to acknowledge the role of the New Right in shaping this discourse and the first to use a Gramscian framework in theorising it. It is also the first study to trace the New Right version of new-class discourse back to the New Right's formative period in Australia, the early 1970s, and to illuminate its links with the 'dole bludger'. While other studies of new-class discourse highlight the way in which it has been used by the Right to render illegitimate the social justice and equality-seeking claims of women, immigrants, and Indigenous Australians, its implications for the unemployed have until now been secondary.

Discursive frames that incorporate the economic needs and desires of the worker have been essential to the success of New Right welfare agendas in Australia. But they are not sufficient on their own to bring about a major discursive and policy shift like the one that occurred in Australia after 1974. It is essential that institutional and financial resources accompany these discursive frames. As this thesis has shown, think tanks funded by large corporate donations have penetrated educational institutions, workplaces and political offices with their literature, while media and political actors, for a variety of reasons, have become the major purveyors of New Right welfare discourse. The combination of effective cognitive framing and resource mobilisation has made the New Right's struggle against the welfare state difficult to counter.

Nonetheless, attempts have been made by the Left to counter dole bludger versus taxpayer frames, as the final chapter of this thesis has shown. The Left has, however, lacked effective discursive frames that incorporate the worker as a central figure in their fight for the welfare state. For the most part welfare-state advocates in the 1970s concentrated on the struggles of the unemployed without linking these to broader

economic struggles with which workers could identify. In addition, the shift to New Right frames in media and parliament made it very difficult for counter-discourses to be heard. A major blow to the institutional resources of welfare advocates came as the ALP shifted away from the welfare state in 1975. As this thesis has shown, the ALP have contributed to the New Right project, publicly responding to New Right constructions such as the 'economic crisis' and the 'dole bludger' with discursive reinforcement of these frames and with economic rationalist policies. After this shift within the ALP, academic, religious, activist and community sector literature became the most prominent vehicle for left-wing welfare discourses. While these do constitute institutional resources for the Left, the media and political construction of new-class 'elites' led to the views contained within this literature being dismissed as not reflecting the views of 'average Australians'.

We can trace much of the tenor of current welfare policies and discourses back to the 1974 shift. Although it has been common to disregard the dole bludger as a phenomenon of a past era, not worthy of much attention today, an analysis of current-day concepts such as 'work for the dole' and 'mutual obligation' will reveal the extent to which the dole bludger is still alive and well. Current taxpayer versus welfare recipient discourses incorporate much of the logic present in the 1974 shift, casting the taxpayer as 'victim' and adding a requirement that he or she be 'compensated' by the welfare recipient. In addition we have seen a further extension of this taxpayer as victim mantle with 'battler' increasingly used to describe the taxpayer when juxtaposed with beneficiaries of government schemes and benefits; not only 'dole bludgers', but Indigenous Australians, single mothers, and on many occasions, women in general.

Nor is the term 'dole bludger' dying out. In March 1996 a media scandal emerged in which three teenage siblings, Shane, Bindi and Mark Paxton, were 'exposed' by the Channel Nine program *A Current Affair* as 'dole bludgers'. An examination of the media coverage and parliamentary debates following the 'expose' reveals continual use of the term and continual reference to taxpayers as victims of their 'rort'. The same year, the Minister for Social Security, Tasmanian Senator Jocelyn Newman, introduced a hotline colloquially referred to by the media as 'dob in a dole bludger'. It was piloted in northern Tasmania, an area including the city of Burnie, which at that

time had the highest unemployment rate in Australia. Newman backed up her policy by claiming 'Nobody can in all conscience endorse roting of the social security system...at the expense of the battlers' and 'we believe we should be supporting the needy not the greedy.'²

It is common now to claim that the ALP have, since the time of Gough Whitlam, abandoned the 'battlers' in favour of middle-class voters, but this claim stems from the fact that these categories have been turned upside-down since 1974, so that addressing the needs of the marginal poor via the welfare state is now regarded as a 'middle-class' value, supported only by 'new-class elites' and 'bludgers', whereas tax cuts, even when they favour high-income earners, are regarded as 'a win for the battlers'. Since 1975 the ALP has reinforced this inversion, distancing itself further and further from the welfare state in order to demonstrate its commitment to 'average Australia'.

For another 'common sense' to contest the New Right a number of factors will need to be in play. As this thesis has shown, the New Right were successful in dismantling the Keynesian 'common sense' because they were able to use effective cognitive frames that drew the economic struggles of workers into line with a New Right agenda, and they had access to the institutional resources necessary to bring about change. Importantly, they were able to take advantage of these institutional and discursive resources at a time of economic upheaval, during which the old hegemonic project, Keynesianism, could be challenged.

There is no rule that says a shift to the Right must be followed by a shift to the Left. Equally, another right-wing project offering a different approach to the welfare state might displace the New Right. There is, however, some scope for the Left to offer an effective challenge. The industrial relations changes introduced at the end of 2005 by the Howard Government have, for example, been challenged by the ACTU, resulting in a 'your rights at work' campaign, which includes a large, well-funded, advertising blitz; market and shopping centre stalls, and a travelling bus of politicians and media celebrities addressing schools and local communities. This campaign has offered an

² Senator Jocelyn Newman, *House of Representatives Parliamentary Debates*, 17 October 1996, p.4394.

alternative identity to that of 'taxpayer'. In doing so it has detached the economic needs of workers from the New Right agenda, providing instead a discourse that pits 'average Australians' against their bosses and the Coalition. Workers are not wedded to the 'taxpayer' identity that pits them against the welfare state. It is a question of offering an alternative with which workers can identify, and possessing the institutional resources to make it stick.

The dole bludger versus taxpayer dichotomy has been essential to New Right success in Australia. Similar New Right attacks upon the welfare state have occurred in America and the UK using a different vernacular. This global project has affected the unemployed in such a way that their economic-justice claims have become 'illegitimate', while those who could speak on their behalf have either been discursively detached from 'average Australians' or have jumped ship altogether. On the other hand, understanding how and why this came about is useful to those wishing to reinvigorate the economic justice claims of the unemployed. This thesis is an attempt to contribute to that goal.

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