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The Australian Right in the “Asian Century”: Inequality and the Implications for Social Democracy

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This article is part of a special issue analysing conservative governments in the Asia Pacific. It analyses the policy discourse of Australian right-wing governments, exploring how such governments have combined neo-liberal economic policies with social conservatism, populism, cultural nationalism and forms of authoritarianism and the resulting response of social democratic political parties. As a predominantly western country situated in the Asia-Pacific region, Australian experience offers interesting insights into the domestic politics of right-wing governments facing the changing geo-political and geo-economic imperatives of the so-called “Asian Century”. Conservative Australian governments have reasserted traditional Anglocentric national identity and used competition from key Asian countries to further justify market-driven policies, reduced welfare benefits and reduced Australian industrial relations standards. The social democratic Labor party has responded to right-wing government policy by placing an increased emphasis on challenging social and economic inequality. However, Labor’s own plans for equitable economic growth potentially underestimate the challenges posed by the intermeshing of the Australian and Asian economies, and provide insights into the dilemmas that a changing geo-economics poses for western social democracy more broadly. Meanwhile Australian conservatism is facing not just challenges from its social democratic opponent, but also from far right populist forces critical of globalisation.

Keywords: Australian right; Asia; globalisation; inequality; social democracy; Labor
This article focuses on analysing the neo-liberal and socially conservative policy discourse of right-wing governments in Australia and the response of Labor, Australia’s social democratic party, to it. It does so as part of a special issue that addresses the neglect of governments in the Asia-Pacific region in much of the western academic literature analysing neo-liberalism, democratic crisis and authoritarian practices (see Chacko’s and Jayasuriya’s introduction). Although the extent of Australia’s own Asian identity has been disputed by its immediate neighbours (Blackburn 2002) as well as in domestic political debate (Johnson 2007b) it is included as one of the countries being studied since Australia is located in, sees itself as part of, and is economically integrated into the broader Asian region (see, e.g. Turnbull 2016a). In addition, this article argues that, while such policy discourse cannot be explained solely in terms of an analysis of underlying economic forces, the changing geo-economics and geo-politics of the rise of Asia has influenced the way in which neoliberal policies and programs have unfolded in Australia.

Furthermore, the response of Labor governments to right-wing government agendas has been influenced by their belief that the economic opportunities opened up for Australia (given its geographic location), by the so-called “Asian Century” (Australian Government 2012), will help create a more prosperous and equitable society. The party has responded to the right with policies that support greater economic and social equality and has used its equality agenda to pull together its key electoral constituencies. Nonetheless, there are questions over whether either Labor or the right will be able to successfully manage the economic challenges that Australia faces from the rise of Asia and their possible impacts, with implications for equality and prosperity, industrial development, employment, living standards, education and welfare provision. These are also questions that are relevant for social democracy internationally, although
the intermeshing of the Australian economy in the Asian region has made them particularly prominent in the Australian case. In line with the other papers in this special issue, this suggests a sharpening of the conditions of economic and political crisis, which is reflected in the ongoing political and ideological crisis of Australian conservatism. The article will begin with an analysis of Australian right-wing governments before proceeding, in the second part of the article, to analyse Labor’s responses and challenges.

**Australian right-wing governments: 1996 to the current day**

Many of the policies followed by neo-liberal and socially conservative governments in Australia have similarities with those of comparable western governments such as the UK and US. However, there are also some specific components related to Australia’s geographic location, and economic enmeshment, in the Asia Pacific region. A distinctive feature of this article is to analyse the domestic political impact of Australia’s articulation of the global capitalist economy – including through the structural coupling of its commodities exports with Asian capitalist transformation.

This article cannot give a full account of those right-wing Australian governments’ policies in the space available. Similarly, it cannot fully analyse internal party policy debates at federal level or the neo-liberal policies introduced by state governments in Australia’s federal system. Rather it focuses on key issues relevant to the concerns of this special issue, particularly the way in which the ongoing problems of securing legitimacy for neo-liberal reform is often dealt with through appeals to a socially conservative populism and nationalism that can have authoritarian elements (see Jayasuriya, Chacko and Hadiz in this volume). For example, socially conservative discourse is often used to justify neo-liberal cut-backs to disadvantaged groups and the
political constraining of unions and progressive social policy advocates. Though the authoritarian tendencies present in Australia are clearly not as strong as in some of the more overtly authoritarian countries discussed in this issue.

Mainstream right parties of governance in Australia, the Liberal Party (in Coalition with its partner, the Nationals) have arguably been moving in a more conservative and authoritarian direction ever since the advent of the Howard government (1996-2007). Neo-liberal economic policy has been combined with forms of social conservatism that have largely continued under the Prime Ministership of Malcolm Turnbull (2015-), given the ongoing power of social conservatives in the party. This is although Turnbull was previously known as a moderate small “l” liberal on social issues ranging from support for multiculturalism and same-sex marriage to replacing Australia’s (British influenced, colonial-settler) constitutional monarchy with a Republic. The following section will analyse the relevant policies of successive right-wing governments before proceeding to analyse Labor’s responses.

The Howard government (1996-2007)

Liberal Prime Minister John Howard tried to reconcile Australian voters to rapid economic and social change by suggesting that, while the neo-liberal economic changes he associated with globalisation were inevitable, the Australian people could and should resist key aspects of social change (see Howard 1995a and 1995b; Johnson 2007, 39-56). Howard argued that policies ranging from deregulation of the financial sector, to cutting government benefits for marginalised groups and increasing so-called “flexibility” in the labour market (i.e. cutting existing protections to wages and conditions), were all necessary in order for Australia to be competitive and prosper in a
globalised world (Howard 2000). Howard had long opposed the progressive influence of the new social movements in areas such as gender, sexuality and ethnicity and the increasingly multicultural/multiracial nature of Australian society (see further Johnson 2007a and 2007b). Howard also rejected social changes driven by transformations in geo-politics and geo-economics related to the rise of Asia, including the resulting challenge to Australia’s national ethnic identity and its traditionally close relationship with Britain and the U.S..

For example, Howard argued that his Labor predecessor, Paul Keating (1991-96), had undermined traditional Australian identity in his attempts to encourage engagement with Asia. By contrast, Howard argued that Australia could still trade with, and benefit from, the rising economies of Asia while retaining its identity as a predominantly Anglo-Celtic and Christian nation with close links to both Britain and the U.S. (see Howard 1995a, 2005; Johnson 2007b). In short, Howard had his own version of the cultural nationalism that has been analysed in other articles in this issue. As Chacko and Jayasuriya point out in their introduction to this special issue, such forms of cultural nationalism are not only based around particular, ethnically biased forms of national identity but also selectively channel “conflicts around cultural boundaries” and diminish “political pluralism”. It is a cultural nationalism that has been tied to forms of neo-liberalism and authoritarianism.

As Jayasuriya and Chacko also explain in their introduction to this issue, such forms of authoritarianism can exist within the framework of democratic institutions, albeit constraining or bypassing aspects of that democracy. It is in that sense, not in the sense of a completely anti-democratic regime that the term authoritarianism is being used here in the Australian context. Indeed, as Jayasuriya and Chacko note, the populism associated with such authoritarianism is used to mobilise forms of popular
consent. Populism is defined in the context of this article as “an ideology that considers society to be ultimately separated into two homogenous and antagonistic groups, the ‘pure people’ and ‘the corrupt elite,’ and which argues that politics should be an expression of the volonté générale (general will) of the people” (Mudde 2017, 4).

Howard’s agenda drew on the neo-liberal policies of Margaret Thatcher and both Bush presidencies, including their strategies for gaining ideological legitimacy, while tackling the circumstances facing late twentieth and early twenty-first century Australia. As Stuart Hall emphasised when analysing Thatcherism (and responding to Poulantzas’ work on “authoritarian statism”), popular consent could be developed to support authoritarian neo-liberal projects (see Hall 1988a, 152; Poulantzas 1978, 213, 241, 243-245). Those forms of consent could incorporate market-based anti-state elements, at the same time as the state also utilised “state-centralist”, “dirigiste” methods (Hall 1988a, 152). Hall’s (1988b) work on Thatcherism focused on attempting to analyse such forms of populist authoritarianism. As Hall (1996, 44-45) famously argued, however, neither the ideology nor forms of citizen identity involved in gaining such popular consent could be simply read off from the economic. For example, Chacko’s contribution in this issue analyses how a pre-existing Hindu nationalism has been utilised to legitimate neo-liberalism. Similarly Howard was a social conservative who genuinely opposed many positions of the progressive social movements but managed to use his social conservatism to justify his neo-liberal economic policies, integrating the two in ways that will be discussed below. In this way, economic and class power relations were intersecting with social power relations around issues such as race and ethnicity and also with gender (e.g. as male blue collar jobs in manufacturing came under threat from international competition). While Hall’s arguments cannot be
fully, and automatically, applied to Australia (see Johnson 1997), the right in Australia has frequently gained popular consent for its policies, including its authoritarian aspects.

For example, Howard argued that previous Labor governments had supported elite “special interests” associated with the new social movements in respect to issues ranging from indigenous rights to migrant and women’s rights. Howard then used such arguments to cut government programmes for those groups. He defunded or reduced funding to many of their NGO advocacy organisations, while constraining those who received residual government funding from making political criticisms, in a way that critics have described as “silencing dissent” (Hamilton and Maddison 2007). In the process, Howard put forward a populist, “us” versus “them”, “state-based theory of exploitation” (Johnson 2007, 180 ), claiming that Labor governments had ripped off ordinary “mainstream” tax payers by giving government largesse to those elite special interests (Howard 1995b). Howard’s argument distortedly mimicked class-based theories of exploitation by suggesting that the source of exploitation of ordinary people lay not in the market but at the level of the state. It involved an, at least initially, successful attempt to wedge off some conservative working class voters from Australia’s social democratic party, the Labor Party. It also successfully combined a social conservative stance with a neo-liberal stance to justify cutting state benefits to disadvantaged groups. At the same time, the constraints on NGOs revealed authoritarian tendencies designed to reduce dissent by disadvantaged groups who faced discrimination and whose benefits and entitlements were being reduced.

Howard also gained popular consent by mobilising populist “us” against “them” rhetoric against asylum seekers fleeing persecution in countries such as Afghanistan and Iraq. Controlling Australia’s borders was seen as a key way of assuring “mainstream” Australians that they were still in charge (despite the incursions of economic
globalisation). Given that Middle Eastern and central Asian asylum seekers were coming to Australia via countries such as Indonesia and Malaysia, Howard implicitly evoked old, “White Australia” fears of invasions from Asia (Burke 2001), that also gelled with increasing Australian anxieties over the rise of Asia. So, once again, Australia’s location in the Asia-Pacific came into play. After September 11 2001, such rhetoric escalated, with arguments that “border security” required that asylum seeker boats be stopped, including by using the navy and detention centres (Marr and Wilkinson 2003, 151). Howard’s rhetoric against Australian Muslims also hardened. The United Nations criticised Australia’s treatment of asylum seekers (and indigenous people) on human rights grounds. However, Howard justified authoritarian measures by suggesting such human rights arguments were supporting the type of special interests he had already denounced (Howard 2006; Joseph 2008).

As already mentioned, much emphasis was placed on Australia’s need to be economically competitive in a globalised world, with major implications for reducing government protection of wages and working conditions and the use of authoritarian powers against trade unions. Once the Howard government gained control of the Senate as well as the House of Representatives, it introduced tough, authoritarian industrial relations laws, the so-called “Work Choices” legislation, that significantly reduced the existing industrial rights of workers. As Stewart (2006) pointed out at the time, while the government claimed the new legislation was about flexibility and choice, in fact it substantially undermined existing legal protections for Australian workers while also threatening unions’ ability to adequately represent their members.

The assessment of almost every independent commentator is that the reforms are not fair or balanced. They dramatically favour the interest of employers at the expense of employees…employers will be given the green light to offer agreements that reduce key conditions, and in some instances take-home pay.
Penalty rates and restrictions on the scheduling of working hours seem likely to come under particular attack. Furthermore the capacity of workers to contest such changes will be reduced by the removal of unfair dismissal remedies, the reduction in the capacity of unions to enter workplaces or take lawful industrial action…-- not to mention a social security system which in many instances now denies welfare benefits to those who refuse to take a job on whatever terms an employer may offer (Stewart 2006, 49-50).

The Howard government also set up a Building Construction Commission to constrain the power of powerful construction unions. The commission had extensive coercive and interrogation powers that were criticised for undermining essential civil liberties (Peetz 2007; Williams 2010).

In short, the Howard government used the state to shore up market relations and constrain the labour movement’s ability to organise for better wages and conditions, as well as cutting government benefits for other disadvantaged social groups, attacking human rights arguments and constraining NGOs. Its measures were consistent with the conceptions of authoritarian statism analysed in this issue (while obviously being significantly less repressive than those of some other regimes in the region).


Howard lost office in 2007 and successive Labor governments (to be discussed later in this article) held office until 2013. Howard’s subsequent successor as Liberal Prime Minister, Tony Abbott (2013-15) reasserted the Anglocentric ethnic identity that social and economic change was putting under threat. Abbott also toughened border control policy. Abbott was a socially conservative Christian, whose rhetoric regarding Muslims was sometimes inflammatory (Lentini 2015; Abdalla 2015). Howard-era authoritarian
anti-terrorism laws were strengthened in ways which were strongly criticised by civil libertarians (Lynch, McGarrity and Williams 2015; Gelber 2016).

Abbott’s attorney general continued authoritarian Howard-era attacks on human rights approaches. He criticised the Australian Human Rights Commission for placing too much emphasis on minority rights and insufficient emphasis on so-called freedom of speech, including the right to express highly controversial views on racial issues (Brandis 2013). Meanwhile Abbott continued Howard’s attacks on the trade unions by setting up a Royal Commission into Trade Union Governance and Corruption that was designed to undermine support for unions while targeting Labor leaders with union connections (Forsyth 2016). Abbott also unsuccessfully attempted to bring back Howard’s punitive building industry commission.

Abbott supported major neo-liberal cutbacks to government benefits and it was sometimes explicitly acknowledged that this was partly because of increasing economic competition not just in a globalised world but with Asia in particular. Prior to his government being elected, Abbott’s future treasurer, Joe Hockey (2012), made some remarkably frank statements, in which he argued that Australia could not afford to have a western style social welfare state given the much smaller proportion of GDP spent on welfare by Australia’s Asian competitors. As Hockey put it: “We need to compare ourselves with our Asian neighbours where the entitlements programs of the state are far less than they are in Australia… we need to reduce the size of the state, and this is the fundamental problem” (Hockey 2012). In the process, Hockey suggested that the social democratic state was a project of western affluence that could no longer be afforded in the new geo-politics: “If the [Labor] Government talks about the Asian century, then the Asian countries are our competition, our children's competition. We can no longer compare ourselves with Europe and the United States, which have
massive fiscal and structural problems” (Hockey 2012). For example, Hockey argued that in Australia 16 percent “of GDP is going towards public welfare and health care and pension costs” compared with 10 percent in Korea (Hockey 2012). (Although it is noticeable that Hockey didn’t acknowledge the role of state-facilitated economic development in the case of some Asian competitors).

The Abbott Government’s 2014 budget contained major neo-liberal cuts to government services and entitlements, contradicting election promises not to bring in austerity measures. However, arguably neo-liberal legitimations, justifying austerity were no longer working so well. The public backlash against the cuts helped contribute to Tony Abbott’s replacement as Prime Minister by Malcolm Turnbull.

**Turnbull government (2015- )**

Authoritarian measures remained under Abbott’s successor as Liberal prime minister, Malcom Turnbull. Michael Forst, a United Nations Special Rapporteur on the situation of human rights defenders expressed his deep concern at developments in Australia in an October 2016 report. Amongst other concerns, Forst (2016) listed government measures ranging from political “gagging” provisions on advocacy and charity organisations receiving government funding; restrictions on free speech for those working with refugees and asylum seekers in offshore detention centres and repeated government criticisms of the Australian Human Rights Commission (AHRC). Forst (2016) also listed secrecy laws around intelligence operations which could result in prison terms for journalists revealing information, as well as metadata retention laws which could be used to identify and intimidate legitimate whistle-blowers. He (Forst 2016) denounced federal government attempts to restrict activists’ previous rights to challenge environmental decisions and the vitriolic language used by the government
against green activists who were seen to be holding back economic projects (see e.g. Brandis 2015). Similar criticisms were also made in a Human Rights Law Centre (2016, preface, 5) report entitled Safeguarding Democracy which noted a “clear and disturbing trend of new laws and practices that are eroding” the “vital foundations of Australian democracy”, including by removing the courts’ oversight of government decisions. In addition to the steps against environmental groups noted by Forst, the report noted that the government was attempting to stifle environmental groups’ challenges to the fossil fuel industry by threatening their charity tax status (Human Rights Centre 2016, 2, 4), the result of a long campaign for such moves by the mining industry (Taylor 2017). In short, authoritarian measures were being used to shore up the power of private business (in a neo-liberal fashion), while constraining unions and a range of social advocacy groups.

The continuation of such measures has disappointed those who hoped Turnbull would be more libertarian and progressive on social issues, despite his neo-liberal, free market attitudes towards economic issues. Instead, Turnbull has increasingly bowed to social conservatives in the Liberal party given that the support of at least some of them is essential in party-room votes if he is to continue as Liberal government Prime Minister. For example, Turnbull supported retaining an Abbott-era policy regarding holding a public vote on same-sex marriage (despite Turnbull’s original opposition and one not being constitutionally necessary). As we shall see, he has also watered down his support for multiculturalism.

So socially conservative policies are still being used to reassure voters who are concerned at social and economic change. Furthermore, the socially conservative views of many right-wing governments in Asia have also been cited favourably by Australian social conservatives within the Liberal party. For example, conservative Liberal
Senator Eric Abetz (2015) notes that “the Labor Party and other journalists tell us, time and time again, that we are living in the Asian century. Tell me how many Asian countries have redefined marriage?” Here, as elsewhere, the growth of a socially conservative Right in Asia can be used by social conservatives in other countries to justify their own ideological positions. Such justifications reinforce Jayasuriya’s arguments in this issue of the importance of situating domestic arguments within their international and regional context.

Turnbull may not be quite as concerned as Howard and Abbott concerning the threats posed to Australian national identity by the changing geo-economics and geopolitics associated with the rise of Asia. However, he is even more aware of the economic challenges. Since becoming Prime Minister, Turnbull has been generally publicly upbeat in his arguments about the opportunities offered by the rising Asian economies. His electoral strategy for dealing with the effects of the rise of Asia was to emphasise that a Turnbull government would encourage the entrepreneurship and flexibility that would enable Australian businesses to benefit from selling goods and services to the rising Asian middle class (Turnbull and Shorten 2016). It was an argument that potentially evoked underlying western assumptions of economic and technological superiority. However, Turnbull was much less sanguine in some of his earlier arguments before taking over the Prime Ministership, stating that:

…realistic governments in advanced economies can’t be blind to the impact of convergence, technological catch-up, and growing competition across a range of sectors from the skilled, productive workforces and sophisticated, innovative producers we see in emerging Asia and elsewhere. Every year the list of trade-exposed sectors gets longer. These forces are exacerbating the fiscal and demographic problems democracies already face with their high incomes, high costs, high tax burdens, high levels of regulatory intervention, and generous social welfare programs. So too in many cases, unrealistically high expectations among
voters and politicians alike as to the sustainability of the status quo. Many of the policies and premises of the past are already unsustainable. (Turnbull 2015, emphasis added)

Despite his obvious reservations regarding unsustainability and unrealistic expectations, Turnbull went on to ask: “amidst all this, how do countries like Australia … maintain our wage levels, our social safety nets, our first world economies?” (Turnbull 2015). Turnbull (2015) claimed that the answer lay not in “wealth redistribution” but in trying to provide “good jobs” by encouraging innovative, competitive and technologically advanced industry.

The impact of Asian competition on the Australian economy will be discussed in more depth later. However, given that Turnbull’s own business background was largely in banking and information technology, with “innovation” seen largely in terms of the so-called “new economy”, including the financialisation characteristic of late neoliberalism (see Chacko and Jayasuriya 2017, 3), Turnbull’s claims were not such a reassuring vision for workers in the “old” economy. Furthermore, Turnbull’s commitment to high wage solutions is questionable. Turnbull proceeded with Abbott’s attempts to bring back tougher Howard-era industrial relations legislation, which the subsequent Labor government had jettisoned, for example, in the form of the industrial relations watchdog in the building industry that was strongly condemned by civil libertarians (Williams 2010). These attempts were blocked in the Senate by Labor along with Greens and some independents, resulting in Turnbull proroguing parliament and calling an early election, using anti-union rhetoric in the process (Turnbull 2016c). The legislation was subsequently passed in amended form. Since its re-election, the Turnbull government has also failed to intervene to prevent cuts to penalty rates, resulting in significant income reductions for many workers, and has introduced a major low paid
internship scheme, both of which have been strongly attacked by unions (O’Connor, Kearney and Armstrong 2017; SBS world news 2017).

Turnbull’s rhetoric on budget cuts has softened in the face of major public and Labor opposition, with falling poll ratings, but he has previously been more explicit in supporting neo-liberal measures involving budget cuts, privatisation and corporatisation (Turnbull 2015). The government’s 2017 budget claimed to have a major focus on fairness, for example by increasing education funding. However, levels of funding were still much lower than those projected by the previous Labor government (Plibersek 2017). Furthermore, Turnbull’s human services minister has since advocated reducing definitions of the poverty level, rejecting a widely acknowledged need for an increase in welfare benefits and endorsing a neo-liberal emphasis on individual choices and personal responsibility (Tudge 2017). By contrast, although Turnbull government policy does include a levy on key banks, a substantial tax cut for most business, with assumed neo-liberal trickle down benefits, plays a central part in Turnbull’s economic strategy (Turnbull 2016b). Significantly, the Turnbull government has argued that business tax rates need to be internationally competitive, including with Asian countries such as Singapore (Morrison 2017).

Turnbull has continued the Liberals’ support for free trade but in a context of increasing concern about competition from China. He strongly supported the Trans-Pacific Partnership (TPP) given the international trade rules-based order that Obama was trying to establish via the TPP to contain Chinese competition (Chacko and Jayasuriya 2017. However, Trump (2016) was determined to reject the TPP, The government’s rural-based Nationals coalition partner has forced the Liberals to be cautious of some foreign investment in the agricultural sector. The fear of losing seats in states particularly badly hit by deindustrialisation has also contributed to government
taking steps to shore up advanced manufacturing industry in the forms of naval
shipbuilding and submarines prior to the 2016 election – while basically conceding
some other areas, such as the car industry. The car industry’s problems were
exacerbated not only by competition from Asia but by a periodically high Australian
dollar due to a mining boom related to China’s growing need for natural resources (that
will be discussed in more depth later in this article).

*The threat from the radical populist right*
A changing geo-economics associated with the rise of Asia, therefore means that the
Turnbull government faces continued challenges in attempting to provide the rising
standards of living that it has promised voters will result from (and help legitimate) its
neo-liberal policies. Furthermore, Turnbull is also facing pressure on both social and
trade issues from forces on the extreme right. Australia has seen the resurgence of
extreme, radical right-wing populism in the form of Pauline Hanson’s One Nation party
and her appeals to a particularly nostalgic form of social conservatism (that goes much
further than Abbott’s or Howard’s).\(^4\) Not only does the Turnbull government have to
engage with One Nation to get their legislation through the Senate, but the state Liberal
party in Western Australia undertook voting preference deals with One Nation.\(^7\)
Indeed, Labor politicians have argued that federal Liberals not only need Hanson’s
numbers to pass legislation through the Senate but also fear they won’t be re-elected
without Hanson’s support (see Wong 2017b). Hanson has praised Trump and her anti-
establishment message is similar to aspects of Trump’s rhetoric on issues of
globalisation (Trump 2016) and Islam. Hanson argues that Australian political leaders’:

push for globalisation, economic rationalism, free trade and ethnic diversity has
seen our country’s decline. This is due to foreign takeover of our land and assets,
out-of-control debt, failing infrastructure, high unemployment or underemployment
and the destruction of our farming sector. Indiscriminate immigration and aggressive multiculturalism have caused crime to escalate and trust and social cohesion to decline… Too many of us live in fear of terrorism. In my first speech in 1996 I said we were in danger of being swamped by Asians… Now we are in danger of being swamped by Muslims, who bear a culture and ideology that is incompatible with our own. (Hanson 2016a, 938)

In a country that has Asian Muslim-dominated near neighbours such as Indonesia and Malaysia, it has proven particularly easy for Hanson to segue from anti-Asian immigration rhetoric to anti-Muslim rhetoric, despite Australia’s deputy prime minister highlighting the dangers that such rhetoric can have for crucial trade with countries such as Indonesia (Chan and Murphy 2017). Hanson’s (2016b) long-standing concern about Asian influence is also reflected in her critique of foreign, and particularly Chinese, buyouts of Australian agricultural land, housing and infrastructure. Indeed, the Australian populist right response analysed earlier is potentially fragmenting as some of the anti-elitist arguments that were initially used to justify neo-liberalism (for example via critiques of politically correct “elites” ripping off taxpayers) are being turned against other aspects of neo-liberalism by targeting the political elite’s support for globalisation. They are populist arguments that draw on a widespread sense internationally that previously privileged countries are in relative decline and a disillusion with conventional democratic politics (Ipsos 2016).

The radical right’s impact on Turnbull government policy

Such pressure has not only contributed to the Turnbull government sometimes shoring up Australian industry in electorally sensitive electorates. The increasing pressure that One Nation, along with another minor party, The Australian Conservatives, is placing on the Turnbull government (and the leverage it is giving to the right-wing within the
Liberal party) has also resulted in Turnbull watering down his commitment to multiculturalism and further mobilising the type of authoritarian populist sentiments that have been analysed earlier. In April 2017, Turnbull announced that his government was significantly tightening the Australian citizenship test to place more focus on “Australian values”; including tightening the English language and residency requirements for citizenship and also tightening the provisions for temporary migration visas (Turnbull and Dutton 2017). While the immigration minister denied that sample new “values” questions in the citizenship tests regarding issues such as domestic violence, genital mutilation and girls’ educations were specifically targeted at forms of Islam, it is fairly clear that they were designed to appeal to those with Hansonite-style prejudices (Dutton 2017). Concerns were also expressed regarding the potential politicisation of the Australian Security Intelligence Organisation when Turnbull established a super security ministry of Home Affairs (Lipson 2017), combining border control, asylum seeker, immigration, and the security services. The measure both attempted to placate conservatives within the Liberal party and One Nation supporters concerned about Islamist terrorism and immigration. The creation of the ministry exacerbates the concerns about policies in the area of anti-terrorist legislation, asylum seekers and immigration that have already been expressed by the United Nations and Australian human rights advocates.

So even under Turnbull, who has been associated more in the past with the moderate wing of the Liberal party, forms of social conservatism, “cultural nationalism” and authoritarianism have continued. Despite some watering down of budget austerity measures in response to popular opposition, the Turnbull government is still pursuing a predominantly neo-liberal agenda with implications for unions and welfare recipients as well as other marginalised groups.
It has been argued here that Australia is not only itself a country in the Asia-Pacific (and therefore worthy of inclusion in this special issue for that reason) but that Australian right-wing government positions have also at times been influenced by the impact of the economic rise of Asia. Examples given here include Prime Minister John Howard’s cultural nationalist critique of Paul Keating’s Labor government on issues of Australian identity and economic engagement with Asia; Howard’s use of fears of Asian invasion in his treatment of Muslim asylum seekers; Treasurer Joe Hockey’s justification of welfare cuts by comparing Australia to Asian countries; social conservatives’ use of Asian comparisons on issues such as same-sex marriage. Above all, as Prime Minister Turnbull has indicated, the changing geo-politics and geo-economics associated with the rise of Asia, will pose major challenges for achieving Australian governments’ promises of future prosperity, with consequent implications for issues of political legitimation. Yet feasible promises of future prosperity are crucial for legitimation purposes in a period in which, as we shall see, Australian wage growth has been flatlining in recent years and inequality has been growing.

Labor governments (1983-)

The rise of Asia has also had implications for the governments of their Labor opponents, given that Labor’s plans for Australian economic development have been strongly influenced by a belief that increasing trade opportunities with Asia would play a central role in building a more prosperous and equitable future for all Australians. However, this article will firstly analyse Labor’s advocacy of social equality, in response to Liberal government policy before examining the challenges that the rise of Asia will pose to Labor’s own plans to build a more prosperous and economically equitable society.
**Hawke and Keating Labor governments (1983-1996)**

While Prime Minister Paul Keating’s (1991-6) position on national identity was much more complex than Howard’s caricature of it that was discussed earlier, Keating had indeed suggested that it was necessary to embrace a modern, cosmopolitan and multicultural, Australian identity that would assist in Australia’s post-colonial engagement with Asia (Keating 1992a; 1994; Johnson 2007b). Keating (1992a, 1994) argued that economic engagement with Asia was essential and would help create a prosperous future for all Australians. Keating’s model attempted to gain popular support for a watered-down form of neo-liberal economic policies (Edwards 2013, 147-166) that prefigured Schröder and Blair’s Third Way politics (Scott 2000; Johnson and Tonkiss 2002) by reconciling social and economic issues. For example, it was argued that indigenous rights were compatible with indigenous communities selling their art and culture on the global stage; the Australian economy would benefit from the language and cultural skills of its diverse population in a globalised world; equal rights for women would encourage their economic participation and contribute to the Australian economy (Johnson 2007a, 25-38). A further difference with conservative parties’ neo-liberal strategies, was that Labor’s policy had been based on negotiating with unions to bring about real wage cuts in return for government benefits as opposed to more authoritarian attempts to crush union power. Keating argued that such wage restraint, combined with other deregulatory and cost-cutting measures were necessary in order to make Australia competitive in the globalising world economy. However, he claimed that his government’s social policies would prevent the divisiveness and increasing inequality that he acknowledged globalisation had caused in countries such as the U.S. (Keating 1995; Keating 1992b).
Nonetheless, following Howard’s mobilisation of socially conservative populism to defeat Keating in 1996, Labor was so concerned about being electorally “wedged” by their opponents’ social conservatism, and losing the votes of white, male working class voters in particular, that they took a very cautious “small target” approach on equality issues such as gender, sexuality, race, ethnicity and refugees in their electoral policy strategies for many years (see Johnson 2002, 2005). Labor was less cautious on industrial issues. While Australian union membership is declining and impacted by de-industrialisation, unions still play a significant role in the Labor party. Consequently, when the Howard government attempted to use its Work Choices legislation to reduce union power and further reduce workers’ pay and conditions, Labor and the trade unions responded with a strong campaign against it at the 2007 election – an election which Howard lost (Muir 2008; Rudd 2006a).

**The Rudd and Gillard governments (2007-2013)**

Labor’s cautious response to socially conservative equality issues also began to change. Increasingly Labor attempted to bring its diverse electoral constituencies, from the working class to social movements and ethnic communities together around an agenda that emphasised equality issues. A more Keynesian economic policy began to challenge Keating’s socially inclusive free market model, although some neo-liberal elements remained.

While Labor Leader Kevin Rudd went to the 2007 election running a relatively small target policy on social issues; he did also project an image of being a more modern man than Howard, as someone whose wife was a successful businesswoman; who would use his own Mandarin-speaking skills to engage with China; whose son-in-law was from Hong Kong and who would modernise the Australian economy by...
providing high speed broadband (Johnson 2010). He consequently evoked a far more cosmopolitan (and Asia-oriented) conception of Australian identity than Howard’s.

Although Rudd went to the 2007 election claiming to be a fiscal conservative, he had actually long been critical of neo-liberal constraints on government spending in areas such as education and health, and this flowed over into his period as Prime Minister (2007-10; 2013), despite his sympathy for some aspects of pro-market policies (Rudd 2006a). Once the Global Financial Crisis hit, Rudd and his treasurer Wayne Swan pursued a Keynesian-influenced counter-cyclical stimulus strategy (see Rudd 2009). Labor also systematically removed Howard’s anti-union legislation on gaining office — albeit while not going as far in protecting those conditions as some unions would have liked (Johnson 2011, 577-578). Although Rudd was temporarily removed as Prime Minister by Julia Gillard (2010-13), who had a somewhat more pro-market position, Treasurer Swan remained along with his Keynesian-influenced counter-cyclical strategies (Johnson 2011, 566-569).

The Rudd and Gillard governments both raised the profile of equality issues, especially by assessing legislation in terms of their equality outcomes (Roxon 2012). Gillard (2011e) explicitly argued that Labor was part of both the international labour and (contrary to some views of her position) social democratic movements. Later in her term of office, Gillard gave a particularly high profile to gender equality issues, in terms of her support for equal pay and in response to conservative gender-biased attacks on her (Johnson 2015). Gillard in turn was temporarily replaced by Rudd again (2013) who subsequently lost the election to the Liberal (conservative) government led by Tony Abbott.
Labor’s Shorten leadership (2013-)

Following his election loss, Rudd was replaced as leader of the then Labor Opposition by Bill Shorten. Despite Shorten’s reputation as a former right-wing union boss who sometimes made less than optimal deals with employers on behalf of his workers, Shorten has often taken Labor in a more left-wing direction, including a more populist one that targets issues of inequality. For example, Labor has criticised Liberal Prime Minister Malcolm Turnbull for supporting the big end of town, denouncing Turnbull’s tax cuts to big business as an example of a discredited trickle-down theory (Shorten 2016c). Labor’s depicts Malcolm Turnbull as seriously out of touch with ordinary voters while Bill Shorten is depicted as a caring politician who will support health, education, jobs growth, good pay and conditions and a strong welfare safety-net for the disadvantaged (Shorten 2016c). Labor has also proposed a royal commission into the banking sector, drawing on a long history of Labor populist opposition to the “money power” (Love 1984; Johnson 1989, 24-7, 43-4).

Labor argues that there is a growing inequality in Australian society that a Labor government would address but that a Turnbull government will increase. Such arguments seemed to have some success in the July 2016 election where Turnbull was returned with a significantly reduced majority of only one seat. Polling results from late 2016 on have repeatedly showed Labor ahead of the Turnbull government (Anderson 2017). Labor explicitly argues that it will govern on behalf of working and middle class Australians. Labor doesn’t adequately analyse the causes of increased inequality, including whether its own previous neo-liberal influenced policies have been a contributor. Detailed analyses of the causes of that inequality are also beyond the scope of this article, including the respective contributions of neo-liberal cuts to benefits and wages, the weakening of unions and the impact of global competition on employment in
industries with secure, better paid jobs. However, the extent of inequality has been analysed in depth by Labor’s Assistant Treasurer and former Australian National University economics professor, Andrew Leigh (2013). Leigh has also contributed to a number of key Labor policy documents. For example, Labor argues that from 1975 to 2014 the bottom tenth of wage earners have seen a rise in their wages of 23 percent while the top tenth have seen a rise of 72 per cent (ALP n.d.a). Further:

More alarming is the distribution of wealth in our society today. The average wealth of a household in the top 20 per cent wealth group is about 70 times the average wealth of a household in the bottom 20 per cent. The top 10 per cent of households own 45 per cent of all wealth, and most of the remainder is owned by the next 50 per cent of households. The bottom 40 per cent of households own just five per cent of all wealth. (ALP n.d.a)

Meanwhile wages growth has been flatlining and the proportion of Australians in part-time rather than full-time work has increased (Gilfillan 2016).

Labor’s policies to tackle inequality partly involve a reform of a tax system which isn’t generating sufficient revenue for government benefits and in which, it is claimed, a childcare worker earning $50,000 can pay more tax than a millionaire (Shorten 2017). Labor has pledged to tackle tax avoidance, including by multinational corporations, opposed the level of Turnbull government tax cuts to the wealthy and proposed tax increases on higher income earners. The latter measures include reforming negative gearing tax concessions on existing investment properties in an attempt to influence supply and address a major housing affordability crisis. Labor Shadow Treasurer Chris Bowen (2017) has not considered more radical forms of taxation reform, such as Thomas Piketty’s suggestion that Australia should introduce an inheritance tax (see Piketty 2016; Piketty 2014, 527). Indeed, death taxes were removed
in Australia in 1979 and seem unlikely to be introduced, particularly given Australia’s historical resistance to high tax regimes which has historically restricted Australia’s welfare state (Wilson 2006). Other key Labor figures have also rejected re-introducing the much higher tax rates on high incomes that previously existed while suggesting that tax cuts to the rich have gone too far and should go no further (Leigh 2013, 82, 130). However, Labor has proposed a higher tax on forms of trusts that it argues have been used by the wealthy for tax evasion purposes. Overall, Labor’s plans for tackling inequality have not been without controversy, with some sections of the Labor right still holding to forms of Keating-style economic rationalism and some sections of the left also being unsure how far to take issues (see e.g. Nicholls 2017).

Nonetheless, Shorten sees a focus on inequality as important for addressing the rise of the populist right in Australia and internationally. He argues that Brexit reinforced the need for Australia’s social democratic party to seriously address the falling living standards and increasing inequality which Australian working and middle class voters are facing (Shorten 2016d). Similarly Shorten (2017a) has argued that a focus on tackling inequality is an important response to Trump’s election and the growth of far right parties internationally given that Australians too: “are sick of politicians who are out of touch with the real economy, who don’t get that inequality is growing, who don’t understand we are the first generation in danger of passing on a lesser standard of living to our kids.”

Labor also argues that tackling inequality is in the interests of economic growth. In Shorten’s (2015b) words “we think that the best way to have sustainable economic growth in Australia is to have fair distribution of income. We've got to ensure that we have inclusive growth. Inequality - and it's at a 75-year high - is a handbrake on economic growth.” That argument was backed up in a 138 page Labor Party report
Growing Together which quotes the IMF, the OECD and Nobel prize-winning economist Joseph Stiglitz to back up Labor’s case that increasing inequality reduces economic growth (ALP n.d.a). One of Labor’s arguments is that increasing economic inequality lowers peoples’ ability to consume (ALP n.d.a; O’Connor, Kearney and Armstrong 2017). In other words, Labor is drawing on a Keynesian-influenced argument that reduced consumption lessens private businesses’ ability to sell their products. Labor is attempting to tackle an issue that Jayasuriya’s work in this issue draws attention to, namely that the neo-liberal undermining of workers’ incomes can result in lower growth. Elsewhere, Shorten (2016e) has argued that funding education well is also essential for Australia’s economic growth by developing a skilled workforce. Similarly, providing adequate funding for medicare (Australia’s public health benefit system) also increases employees’ health and participation in the labour force, while reducing employer costs (Shorten 2016a).

In short, Labor is implying that greater income equity, along with good quality government subsidised education and health services, can have benefits for the private sector as well as the general population. It is clearly not a radical socialist agenda. Rather it is the latest version of a traditional form of Labor ideology, which has tended to emphasise the common interests of labour and capital (in this case in the purchasing power of reasonable incomes) and does not see an inherent conflict between them (see Johnson [1979] for earlier versions of these Labor arguments). Nonetheless, Turnbull (2016d) has responded by accusing Labor of “setting themselves up for some kind of class war” and engaging in “the politics of envy”. Labor has also faced a strong campaign by business organisations in support of Turnbull government policies, especially tax cuts (see ACCI 2016). In countering such campaigns, Labor faces a traditional social democratic dilemma, namely the structural power of business in a
capitalist economy in which private investment is indeed crucial for employment and living standards (see Przeworski 1985, 7-46, 139).

Significantly, Labor’s support for equality has gone beyond issues of class equality. Shorten has made strong statements in regard to gender equality, including equal pay, and against discrimination on the grounds of sexuality (Turnbull and Shorten 2016). He has denounced the “systemic racism” that can still be present in Australian society when it comes to the relationship between indigenous and non-indigenous Australians and has called for a “constitutional settlement” to help resolve the “gnawing unresolved divisions” (Shorten 2016b). He has rejected any preference deals with Hanson’s One Nation party.

However, Labor has remained concerned about being electorally wedged on issues of “border security”, justifying harsh measures on the grounds that they discourage asylum seekers from attempting the perilous sea journey to Australia. Labor has said that it “has the same approach as the Government when it comes to deterring and defeating the people smugglers”, including supporting boat turn-backs and asylum seekers being taken to offshore processing centres in third world countries, although Labor is more prepared to pursue resettlement elsewhere and has a more generous position in regard to residency rights of those already in Australia (Turnbull and Shorten 2016).

In cases other than asylum seekers, Labor has therefore generally responded to the right’s social conservatism and attacks on working class living standards by supporting equality agendas and thereby consolidating older modes of political accommodation. In this respect, the Australian situation reflects the relatively stronger position of organised labour and the social democratic opposition than in some other
countries in the Asia Pacific with right-wing governments that have been discussed in this issue.

Consequently, this article argues that there are increasing signs of resistance to the situation analysed by Colin Crouch (2004, 4) in which “under the conditions of a post democracy that increasingly cedes power to business lobbies, there is little hope for an agenda of strong egalitarian policies for the redistribution of power and wealth”. However, one would not wish to overstate the degree of redistribution involved, or overlook the attempts by conservative governments to use some authoritarian measures (such as those described earlier) to constrain activity by unions or advocacy groups.

Furthermore, Australian social democracy, like its counterparts internationally, remains supportive of a humanised capitalism and would reject more radical socialist challenges to existing class inequalities (Ross 2013, 603; Johnson 1989). Nonetheless, Labor’s current position reveals a partial shift away from Labor’s previously enthusiastic embrace of neo-liberal solutions during the years of the Hawke and Keating governments (1983-6). Consequently, Australia’s trade union and social democratic traditions are contributing forms of resistance to at least some aspects of neo-liberal and conservative policies (even if they may not always be successful).¹

This is not to suggest that Labor’s attempts to challenge inequality will be as successful as they hope, even if they do subsequently win office, particularly given that factors such as technological disruption and the growth of precarious work make their economic and political tasks even more difficult. Labor’s strategy for reducing future economic inequality relies heavily on skills and training contributing to well paid jobs as well as its hopes to foster the development of employment in diverse twenty-first century industries that will sell to both traditional markets and the emerging middle class of Asia. However, Australia also faces economic competition from the rising
Asian powers, including from countries in which right-wing governments have had more substantial success in suppressing, or at least constraining, their labour movements and left-wing parties, with consequences for the employment levels, wages and conditions and taxation revenue levels necessary to counter economic inequality.

**Geo-economic challenges for Labor’s plans to produce a more prosperous and equitable Australia**

Labor’s policies still reflect the residual influence of a belief in market-based solutions, despite their critique of some aspects of neo-liberalism. Consequently, successive Labor governments had tended to assume that the rise of the Asian economies would be largely beneficial to Australia, producing increased government revenue and new markets for Australian goods and services. Similarly, industries that were encountering increasing Asian competition, e.g. steel and vehicle manufacturing, would be able to be successfully restructured to remain economically competitive (see Keating 1992a, 1994; Gillard 2012). The rise of Asian economies were therefore seen as contributing enormously to Labor’s plans for building a more prosperous and economically equitable Australia. There are indeed major opportunities to be gained via Australia’s economic engagement with the growing markets of Asia, in addition to those benefits which Australia has already experienced (see analysis in Australian Government 2012).

However, there are also potential downsides that may not have been adequately recognised by past Labor governments, partly due to residual neo-liberal influences but also to an underlying assumption of western economic and technological superiority that was never justified (for a historical account see Hobson 2004) and is under ever increasing challenge in the changing geo-economics and geo-politics of the 21st century.
Indeed increasing problems resulting from the changing geo-economics of the Asia Pacific region, and that impact on Australian jobs and standards of living issues, began to emerge during the years of the Rudd and Gillard Labor governments (2007 – 2013). Even before he achieved office, Rudd had stressed the need to develop cutting-edge Australian industry, and the domestic job opportunities arising from it, and not be over-reliant on simply selling natural resources to the booming economies of Asia (Rudd 2006b; for similar recent arguments, see Bowen 2013).

…will Australia in the future be a manufacturing country, will we still make things or is that all gone? We believe that we do have a future as a manufacturing country. We have a new future with knowledge-intensive industries. But it is one where government must be engaged, not just sitting idly by watching from the sidelines. (Rudd 2006b)

Furthermore, Rudd was particularly aware that Australia needed to compete better with its regional neighbours who were also placing considerable emphasis on education and training.

I don’t want this country to end up being China’s quarry and Japan’s beach. We can’t just hope the resources boom lasts forever. It won’t. We’ve got to build for the future. That’s why our nation needs an education revolution. To set a vision for ourselves to become the best educated country, the most skilled economy, the best trained workforce in the world. I don’t want Australia to fall behind our competitors. And in many areas of education and training, we are. Most of our neighbours have education as their top national priority. We do not. That must change. (Rudd 2007)

However, the Labor governments’ attempts to create such an economy faced major hurdles and these arose from some of the presumed benefits of the rising Asian economies as well as some of the competitive downsides. As Prime Minister Gillard (2011d) noted at the time, the then resources boom resulting from the massive growth
of key Asian economies such as China was contributing to domestic “patchwork pressures” arising from the high dollar and “competitive pressures and changes in the global economy”. These were impacting negatively on employment prospects and income in manufacturing, tourism, retail and residential construction (Gillard 2011d; Swan 2012b). The downsides that the mining boom could cause for some other sectors of the economy had been widely acknowledged by both Treasury and academic experts (see e.g. Henry 2009; Gregory and Sheehan 2011, 35; Corden 2012).

The patchwork economy was also having other impacts on equality. For example, Gillard (2011a) was committed to improving women’s equal pay, albeit in forms that would be phased in slowly over a number of years. Yet the patchwork economy was undermining moves towards equality of women’s wages given differential impacts on a gendered labour market in which much of the employment generated in the mining sector was male (Sebastian 2011).

The Labor government attempted to mitigate some of these patchwork pressures by introducing a tax on mining companies’ super profits that could be used to transfer resources to industries and regions that had been impacted badly. The aim was to ensure an equitable outcome, so that “our nation emerges from this resources boom with a diversified economy that can offer opportunity to all” (Gillard 2011c). However, concessions made to mining companies in response to a major campaign against the government’s policies meant that the mining tax raised relatively little revenue (and was subsequently abolished by the Abbott Liberal government).

Overall, the Rudd and Gillard Labor governments promoted a vision of an equitable, prosperous, diverse, technologically advanced, greener economy which employed well paid, highly skilled workers and would stand Australia in good stead once the resources boom was finished. Despite manufacturing’s problems, it would be
an economy based on free trade not protectionism (Gillard 2011b). In views similar to Labor predecessors such as Paul Keating, they argued that it would also be an economy that sold goods and services, such as higher education and technology, to the growing Asian middle class (Gillard 2011b; Swan 2012c).

Meanwhile, Rudd and Gillard government treasurer, Wayne Swan (2012a), had responded to Abbott-era suggestions, such as Joe Hockey’s, that the Asian Century required cuts to government benefits by arguing that Hockey’s position would result in an unfair, unjust society. However, arguably Swan didn’t adequately address the pressures which competition from countries with much smaller welfare states can put on Australia in an increasingly competitive economic environment, in which Australian neo-liberals can seize on such arguments to justify their own ideologically-driven cuts. Similarly, Gillard (2012) merely asserted that Asia’s growing wealth, as opposed to poverty, reinforces Australia’s equitable “high-wage, high-skill” path and means that “today, we no longer have to juggle our social democratic values and our Asian regional context” because “for the first time in our history, Asia is not a threat to our high-skill high-wage road. It is a reason to stay on it”.

Such views rightly draw attention to some of the genuine economic opportunities offered by the massive markets opened up in the Asian Century. However, they downplay some of the downsides of increased globalisation, especially the challenges posed to attempts to develop cutting-edge Australian industries and to sell Australian goods, expertise and services to Asia. These challenges range from the development of competing high-tech Asian industries, including those making heavy use of robotics (including potentially remote controlled ones); to the online outsourcing of skilled Australian white collar work to Asian countries; to competition in high-level services (e.g. medical tourism by Australians to Asia rather than the other way round)6.
As other articles in this issue illustrate, Australia will sometimes be competing with countries in which new right governments have, at least partially, succeeded in constraining unions and attempts to develop more extensive welfare systems. In turn those competitive pressures can then be used by Australian neo-liberals, and sections of business, to justify their own pre-existing ideological positions in regard to cutting wages, benefits and services.

It is beyond the ambit of this study (which focuses on government and party policy discourse) to provide an in-depth analysis of the ways in which the rise of Asian economies has impacted on the Australian economy and Australian industry and the pressures that have resulted. Nonetheless, a 2016 Australian Reserve Bank Bulletin (RBA), that drew on both empirical sources and RBA’s liaison with relevant Australian businesses, concluded that the Australian manufacturing sector had been declining steadily over the last thirty years as a share of the overall economy, until it lay now at only around 7 per cent. The RBA noted that “over that period, domestic manufacturers have faced strong competition from lower-cost economies, most notably China” (RBA 2016, 27). It argued that substantial falls in manufacturing output and employment in Australia and other advanced economies had been “associated with the rise of competition from new sources. The most notable is China” (RBA 2016, 29). Similarly, an Australian federal Parliamentary Library report noted that “the development of manufacturing in Asia has been a major reason for Australia’s failure to compete in many areas of manufacturing.” It predicted that this competitive pressure would increase for more industries “as China moves up the value chain.” Already, it was noted that “ninety per cent of Australia’s merchandise imports are from China and, of those, 90% are elaborately-transformed manufactures” (Holmes 2013, 141).
So the competition from Asian manufacturers has been well established. Furthermore, while the Gillard and Rudd governments may have suggested both that the appreciation of the Australian dollar related to the mining boom would only be a temporary problem — and that competition from low wage countries was no longer a problem as Australians aimed to sell goods and service to the middle class, other evidence suggests that this is not the case. The RBA bulletin noted that despite the drop in the value of the Australian dollar since the end of the boom, key problems would be ongoing. To begin with, many manufacturers had responded to increased competition and the higher value of the Australia dollar by moving “some or all of their production offshore” (RBA 2016, 30). That decision was also influenced by an additional factor, namely high Australian labour costs which “are often cited by liaison contacts as a challenge” (RBA 2016, 31). The role of “abundant supplies of low-cost labour” as one of the factors that assisted the international success of Chinese manufacturing had also been noted by Treasury (Treasury 2012). Such issues were further exacerbated by high trade costs related to Australia’s “geographic isolation” and small domestic market (RBA 2016, 32) which made it harder for Australian manufacturers to integrate into global supply chains, including in producing “niche” products that other advanced economies had found were more viable in a period of increased global competition (RBA 2016, 32).

Furthermore, while it continued to be hoped that China’s increasing emphasis on domestic consumption rather than export (Holmes 2013, 141) would ameliorate competitive pressures and expand potential markets, there were no easy solutions to ensuring that services replaced resources or manufactured goods. Indeed, Martin Parkinson, then Secretary to the Treasury had noted in 2012 that: “While the comparative advantage of our abundant natural resources is obvious, there is no obvious
comparative advantage in our services sector. “(Parkinson, 2012) though he hoped that good policy could help to remedy this.

However, it is not clear what Labor’s policy solutions will be in order to ensure a prosperous and equitable future with “inclusive”, equitable growth. Labor Leader Bill Shorten has mentioned the impact of “rapidly advancing technology, robotics and automation” on employment and has also noted that at “a time of growing demand for high-quality services and skills, we cannot allow our country to become an unskilled enclave in a modernising Asia” (Shorten 2017a; ALP n.d.b). However, his proposed, limited solutions (see e.g. Edwards 2017) simply involve longstanding Labor pledges such as limiting visiting work visas for skilled jobs, investing in skills and training, support for manufacturing and innovative start-ups (Shorten 2017a; ALP n.d.b).7

Similarly, Labor Shadow foreign minister, Penny Wong, noted that there “are people who have benefited from globalisation open trade and there are people who have not”. She went on to argue that “Governments have to deal with that inequality and we have to address it, we have to give people more opportunities through investment in education and we have to continue to provide a good social welfare net” (Wong 2017b).

Tougher negotiations over free trade agreements also appear to be part of their answer. Labor eventually agreed to support the China Australia Free Trade agreement negotiated by the Liberal government, but only after winning what they saw as adequate “legal safeguards and protections for Australian jobs, for Australian wages and conditions, for Australian skills and occupational licensing” (Shorten 2015a). Though media reports suggest that some companies have already worked out ways to bypass such measures (Ferguson and Danckert 2016). Labor has reasserted its basic support for free trade (Wong 2015). However, Shorten has supported additional funding for the Australian Steel Industry (badly hit by Chinese competition) and supported an
Australian Made campaign, including via government purchasing provisions. He justified such measures by arguing that “there’s a lot of blue-collar working-class and middle-class families who are sick of seeing all of our jobs being exported overseas, who are greatly sceptical that there aren’t rorts in some aspects of our visa system” (Shorten 2016d).

Australian social democracy is clearly not alone in having a newfound scepticism about aspects of neo-liberal market solutions, particularly in the aftermath of the GFC. Other labour and social democratic parties internationally are also beginning to embrace current arguments regarding the need to reduce economic inequality.⁸ Australian social democracy is also hardly alone in facing challenges from rising Asian economies. Baldwin (2016, 1) has emphasised the historical reversal of western economic dominance. European social democrats (see Hollande 2012; France 24 2012) are also facing Europe’s relative decline as Asian economies rise, though they can be hesitant to describe it as such. Former British Labour Secretary of State David Miliband (2012) pointed out that “economic power is shifting to the east, putting huge pressures on tax revenues” at the same time as economic inequality and unemployment are rising in Europe. Australia’s geographic location and rich mineral resources mean that Australian Labor now potentially finds itself in the vanguard of developing social democratic strategies that deal with the impact of the rise of Asia. Yet a key question remains. If social democratic governments in the (predominantly) western country that is arguably best geographically situated to benefit from the Asian Century is finding those challenges difficult, with implications for industry competitiveness, employment and equity, how much more difficult will they be for social democratic parties elsewhere in the west?
Conclusion

This article has argued that the rise of Asia is implicated in the way in which neo-liberal policies and programs have unfolded in Australia. The initial Hawke-Keating changes were legitimatized via a series of policies that reshaped labour relations, social inequality and the politics of Australian identity. These policies in turn negatively influenced Howard's more cultural nationalist politics, which was combined with neoliberal programs such as cuts to government benefits and industrial relations reform. At the same time, the rise of Asian economies, particularly China, contributed to a distinctive set of political and economic challenges that successive Liberal and Labor governments have found difficult to deal with. These include the two speed economy; generating sufficient well-paid, high skilled jobs to counter growing inequality and heightened political conflict over fiscal austerity and social programs that has been exacerbated by the end of the resources boom. It is clear that as the Australian political economy becomes more strongly enmeshed in an increasingly interdependent Asia, both Labor and the Liberal/National Coalition have failed to produce a coherent political project to meet these challenges adequately. Furthermore, those challenges for both parties are strengthening the political crisis identified in the introduction to this special issue. In particular, Australian conservatism is facing not just a reinvigorated social democratic opponent (albeit with challenges of its own) but also the rise of a far right populism that is questioning neo-liberal support for globalisation.

In the process, Australia has seen its own versions of the authoritarian governance and cultural nationalism that have been analysed in other articles in this issue. Other articles in this issue have drawn attention to how analyses of neo-liberalism, post democracy and authoritarian statism often neglect analyses of what is occurring in countries in the Asian region. This article concurs with that analysis but
also highlights another issue that is often neglected, though this may be less so in future given President Trump’s anti-China rhetoric (Trump 2016; Trump 2017). It emphasises the forms of right-wing governance that may be imposed in part as a response to western countries’ relative economic decline in the face of the changing geo-economics and geo-politics brought about by the rise of Asia. Australian Labor has responded by endorsing social diversity while attempting to address issues of rising economic inequality and the need for “inclusive growth.” In the process, Labor has emphasised the opportunities for a prosperous future opened up by the rise of key Asian economies and downplay prospective downsides. However, if it wins government, Labor’s ability to ensure such inclusive growth remains open to question in such challenging global economic times, with major implications for its economic equality agenda.

Notes

1. Labor had consistently been ahead of the Liberals in the opinion polls for many months at time of submission of this article.
2. For an account of Poulantzas’s and Hall’s arguments, which has a slightly different analysis of social democracy than that given here, see Bruff (2014, 113-129).
3. See Abbott (2010) and Howard (2003) for their differing statements on the Anglosphere (at least while Howard was in parliament).
4. On the defining features of the populist radical right, see Mudde (2017, 4), Betz and Johnson (2017).
5. The Australian electoral system is not first-past-the-post, but allows for voters’ ranked preferences to be distributed if the voter’s first choice is not elected, a ranking which parties seek to influence by handing out how-to-vote-cards outside electoral booths.
6. See, for example, Grigg (2013a, 2013b). Medical health insurance policies are now being offered that incorporate Australian medical tourism to Asia. See Kwek (2013). On the potential use of telerobotics, by workers in other countries, see Baldwin (2016, 10, 297).
7. Labor has not considered more radical (internationally equitable) policies, see e.g. Edwards (2017).
8. See e.g. Corbyn (2016). Though there are severe reservations about the extent to which more progressive approaches to tackling inequality have been adopted. See, for example, Thomas Piketty’s hope that Hollande would be the new Roosevelt (De Geert 2010) and then subsequent denouncement of Hollande (Franceinfo 2015). See, further, Bouillaud (2014).

9. While it is beyond the scope of the current article, there is also the much larger question of how issues of global inequality (see Edwards 2017), not just issues of inequality within particular nation states, can be addressed in the context of the changing geo-politics and geo-economics of the twenty-first century. The need for an analysis of key issues and problems in broader international contexts is particularly pressing given the globally interconnected nature of many of the issues discussed in this article.

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