

The 'Tyranny' of the Two Party System: The Australian Case

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In May 2001, Mark Latham, a federal member of the Australian Labor Party (ALP, then in opposition), opened an e-democracy website called *Direct Democracy in Werriwa* (Werriwa being the name of his electoral district). Latham believed that 'Australian politics is broken', and wished to 'point the way forward to a new kind of politics' (Latham 2001). People, he said, felt alienated from parliamentary democracy, where 'big decisions are still made behind closed doors by a small group of powerful people'. Latham proposed to restore public faith by giving people a chance to have a direct say in matters affecting their lives and values. He promised to post weekly questions on various issues for constituents to vote on, and 'contracted' with them to act on majority opinions by defending them in parliament. This would be real democracy in action, he claimed, 'making MPs act on the will of the people' (Latham 2001). He accepted, however, that 'it would be impossible to manage the Australian economy through a series of Internet ballots'. He therefore excluded issues like trade negotiations and monetary policy and focused on moral matters on which MPs had no greater expertise than the general public.

Even given this limitation, Latham's experiment in 'real democracy' was not a success. Only seven ballots were held during the whole experimental period and he managed to respond to only two. The problems were apparent from the very first question posed, which was: 'Should the federal Government ban on-line (Internet) gambling?' The results provided a 67% 'yes' vote from the electorate, though the number of respondents was a mere 213, well short of an ordinary opinion poll sample. Nevertheless, to demonstrate his accountability, Latham reported back to Werriwa on actions taken: he had made a speech in parliament, written a column in a newspaper, and raised the issue with the responsible Shadow Minister. His difficulty was that the majority opinion on the issue put him at odds with his own party's policy and aligned him with that of governing coalition, prompting an ironic call from Senator Alston, Minister for Communications and Information Technology, that Latham should cross the floor and vote with the government (Hansard 21 June 2001: 28414).

Latham was here supporting an 'agency' view of representative democracy, one in which the representative is an 'agent' who faithfully performs the electorate's expressed will. Yet his experience with the first ballot highlighted the most intractable problem that agency theory confronts in a modern liberal democracy. Because the e-opinion was in conflict with ALP policy, Latham was in effect forced to choose between party allegiance and his agency role. This was somewhat less of a problem for him than it would have been for others, for indeed it was only Latham's curious position within the ALP that allowed him to get away with such a radical experiment in the first place. An ambitious but 'maverick' member of parliament, Latham had left the opposition front bench over a policy dispute with Labor leader Kim Beazley¹ and then used the freedom of the backbenches to become a trenchant critic of *both* major political parties. Yet Latham knew that the only way to be politically effective in a

¹ Latham had been in the Labor Party Shadow Ministry from March 1996 to October 1998 but clashed with the leadership following the publication of his *Civilising Global Capital* (Latham 1998) which challenged some of the broad policy settings of the party.

system dominated by disciplined parties was to gain influence *within* his party. This he did, in fact, in December 2003, when he was elected Labor leader, though his clumsy style and inept political sense caused him to be ignominiously and humiliatingly defeated by John Howard's Liberal Party coalition in the 2004 national election.

After his resignation in January 2005, Latham retired to work on his diaries. These caused a minor sensation when published because they were bitterly critical of former colleagues and damning of Australia's whole political system, which, according to Latham, turned committed people into robots. 'This is why people now talk about politics with a cool anger. They have a clear feeling that the system is far from genuine. That the robots, in fact, are tin men' (Latham 2005, 93). Latham wanted the kind of social change that he believed could come only from committed grassroots action. He had tried to stimulate this from within the ruling political system but, at the end of the day, felt that the dead hand of inward-focused parties had crushed him and his cause, ruining his health into the bargain. He had judged the quality of Australian democracy to be seriously deficient and put a large part of the blame on the existing party system. Parties, the key institutions in a representative democracy for connecting the people to their government, had ceased to be truly representative of popular values and interests.

Such a critique was, of course, very much in line with the 'democratic deficit' thesis that many Western political scientists had pursued since Crozier, Huntington and Watanuki (1975) argued that the nations of Europe, North America, and Japan faced a 'crisis of democracy.' A quarter-century later, Pharr, Putnam and Dalton (2000) reviewed the evidence and found that, although public commitment to democracy itself had, if anything, risen in Western countries over the period, public confidence in politicians, parties and institutions had certainly declined.² Did Latham's critique signal that the Australian polity was part of this general trend, subject to the same forces that were causing the decline of confidence, whatever these may be? Was his analysis even an accurate portrayal of Australian parties and Australian democracy? This essay will examine the Australian case in an effort to determine the causal link between party politics and the quality of democracy in that country.

Australian democracy: historical patterns

Australia's democracy is one of the oldest in the modern world and arguably one of the best settled. Indeed, if one takes the eight analytical dimensions of the quality of democracy offered by Diamond and Morlino (2005: xii - xiii) and applies them to the Australian case, one must conclude that Australia's democracy is of very high quality. With regard to the five procedural dimensions, Australian democracy: (a) is firmly established under the rule of law; (b) is open to popular participation; (c) is characterized by genuine competition for office; (d) possesses functioning institutions of horizontal institutional accountability; and (e) is subject to regular, fair elections that ensure vertical accountability. With regard to the two substantive dimensions, it: (f) displays and protects extensive civil and political freedoms; and (g) combines political equality with a traditional emphasis on social and economic equality. If we are to believe Latham, it is only in the last dimension, (h) the political responsiveness that links procedural and substantive dimensions, that the quality of Australian

² For a collection of studies on why people don't trust government, see Nye, Zelikow and King (1997)

democracy may be found wanting. According to him, the true interests and preferences of the people fail to find adequate representation in public policies and governmental decisions, and for this the unresponsiveness of a congealed party system is largely to blame.

What is undoubtedly true is that the Australian party system, though subject to occasional turbulence, has shown remarkable stability in its basic structure since its formation early in the twentieth century. It has endured despite profound changes in the social, political and economic fabric of the nation and changes in the parties themselves. To assess whether this is a good or bad thing from a democratic point of view, and whether there has been a decline in system responsiveness to public preferences over time, we need to know something of the specific history of Australian democracy since six former British colonies came together to found a federal Commonwealth in 1901.

Australia possesses, in effect, a strong two-party system, though it is generally called a two-and-a-half party system. A small, socially conservative National Country Party (now simply known as the Nationals) represents rural interests, but it has nearly always fought elections at the federal level and governed in coalition with the main conservative party (originally called the Liberal Party, a name it reverted to, after several changes, in 1944). The latter owes its origins to a fusion, in 1909, of two parties whose division marked the central conflict in Australian politics immediately after federation, the Free Trade Party and the Protectionist Party. What drew these two, often bitter opponents together (and the National Country Party into alignment with them) was the success of the Australian Labor Party as a major force in the politics of the new Commonwealth. The ALP, founded in 1891 as the political wing of Australia's union movement, pre-dated the formation of the British Labour Party and grew so rapidly in strength that it was able to repudiate a parliamentary alliance with 'friendly,' progressive liberals in 1908 and win both houses in the federal election of 1910 on its own terms, making it the world's first Labor majority government under leader Andrew Fisher.³ Faced with this challenge, the country's liberals and conservatives had little choice but to combine in defensive reaction. In other words, the Coalition was in the beginning what it has always remained, an essentially *anti-Labor* fusion of liberal and conservative elements.⁴ As in many other democratizing Western nations, the party system was thereafter based on the fundamental cleavage and contest between the interests of labor and the interests of capital (or of property more generally). The ALP and the Coalition, by virtue of an electoral system that effectively excluded third parties (Duverger 1972, 23-32), formed a relatively stable two-party duopoly founded on this basic cleavage, one that has dominated Australian politics since 1910.⁵

³ The ALP had already given the world its first Labor Prime Minister in 1904 with short-lived minority government under Chris Watson. Fisher had led another minority Labor government during 1908-09.

⁴ The conservative Coalition partner in the Northern Territory is called the Country Liberal Party. Liberals and Nationals compete in some state elections and act in alliance in others. In Queensland, Liberal and National Parties recently merged to form the Liberal National Party.

⁵ Voting for the House of Representatives is by a preferential system in which voters, in roughly equal-sized electorates, give a number to all candidates (say from 1-4) from most to least favored. A candidate who gains more than 50% in the first count is elected, but if none does then first preferences are counted. If there is still no winner, second preferences are counted and so on till a victor emerges. Candidates may thus win an initial plurality of votes but lose the election. Smaller third parties cannot hope to win seats but their preferences are important, and there is competition between the major parties to secure them. Third parties can thus win policy influence in the bidding process. Voting for

There was obviously, then, an ideological dimension to party competition, though this was often muted by a distinctively Australian political culture. Certainly the liberal-conservative alliance supported the protection of private property, the accumulation of capital and, to a limited extent, the glories of free enterprise. Certainly, too, the ALP upheld the cause of socialism – at its 1922 Federal Conference it committed itself to ‘the socialization of industry, production, distribution and exchange.’ Yet in practice these antithetical aims were mediated by pragmatic accommodations on the part of both protagonists. Many conservatives had been alarmed by the extensive industrial unrest that occurred during the deep depression of the late 1890s. Although the result had been a resounding defeat for the trade union movement, the scarring experience made compromise and industrial accommodation seem preferable to dangerous confrontation. The labor movement, for its part, had arguably already embraced the spirit of compromise by choosing the parliamentary rather than the revolutionary road to power. As in Britain, this so-called ‘laborist’ alternative bound the movement to a political system that discouraged grand transformational goals while allowing the possibility of incremental political and economic gains for the working classes.

This conservative bias of the political system was arguably deepened in Australia by the adoption of a federal Constitution. One of the alleged benefits of a two party system, whatever its faults, is that it ensures that the will of the majority in the electorate is translated into real power for the winning party, which can thus provide strong central government. Federal systems, however, fragment power and federalize the parties themselves, often pitting state or provincial leaders against federal leaders of the same party. This was of less concern to a Liberal Party ideologically committed to States’ rights, a fact reflected in the party organization established in 1944 by Robert Menzies. Menzies was happy with strong state divisions and a weak federal party machine so long as policy formulation remained in the hands of the parliamentary parties with minimal input from the rank-and-file. From the Labor Party’s perspective, however, federalization was a trap. Having played no part in the deliberations of the 1890s over the shape of the proposed new nation, Labor always regarded the Constitution hammered out by liberal colonial elites as one designed to frustrate the ends of the labor movement. It created a federal structure that gave the states power to challenge Commonwealth legislation on constitutional grounds, the outcome being determined by a set of typically very conservative judges in the High Court. Under these conditions, federal programs aimed at socializing the ‘commanding heights’ of the national economy were very unlikely to succeed, as indeed proved to be the case.⁶

Yet it must be said that Labor’s commitment to ‘democratic socialism’ was never very deep. Indeed this commitment was qualified immediately after the 1922 conference by an amendment declaring that socialization was desirable only when necessary to ‘eliminate exploitation and other anti-social features’ (MacKinlay 1981, 53). The ALP, though it included idealistic far-Left elements, was in fact a very broad church that encompassed many moderate and even conservative views of labor progress. In fact, the dominance of moderate influences in both political groupings

the Senate used to be similar but was changed to a proportional system in 1948, giving third parties and opening with important political consequences (see later).

⁶ The ALP was in power throughout World War II and under wartime conditions was able to exert considerable central control over economy and society. When it attempted to entrench and further these gains after the war in order to move toward ‘democratic socialism’, however, its plans (most notably the nationalization of the banking system) were frustrated by the High Court (Galligan 1987).

resulted in a uniquely Australian set of compromises and accommodations that added up to a sort of ‘welfare liberalism’ tolerably acceptable to all parties. A statist approach was adopted toward the broad economy – high tariff barriers were legislatively imposed and the financial sector was heavily regulated. Australian industrialists and manufacturers, whose enterprises tended to remain weak and unconsolidated, were protected from external competition and thus able to provide jobs for workers. The latter’s wages, meanwhile, were set not by market forces but by judges on industrial tribunals who determined what the average family needed to survive; annual wage awards set the standard across industries no matter what differentials of economic efficiency existed across various factories. Industrial disputes (which were frequent) were made subject to legal arbitration, a system acceptable to unions who were officially registered (and thus legitimized) and given an important role in negotiating and enforcing settlements and awards.⁷ The overarching values of this system were fairness and equality (or at least the inhibition of large inequalities) rather than efficiency and enterprise. Business was left free to pursue profits but within a collectivist structure that protected, and some would say coddled, both owners and employees. Even the restrictive immigration policy known as White Australia was supported by Labor, not simply from racialist prejudice, but as a means of excluding cheap Asian labor that would drive down wages.

The acceptability to all parties of such a major state role reflected an Australian political culture that had developed from the colonial habit of looking to government to solve all problems and fulfill all individual rights. This attitude was itself a reflection of the peculiar difficulties of establishing white settlement on the Australian continent. From managing the original penal colonies to later encouraging free immigration and distributing land, government had played a major, indeed predominant, role in society. Because settlement was sparse in a wide and frequently infertile land, governments had perforce to take up roles in posts, telegraphs, ports, roads and railways that private enterprises had not the capital to develop and from which they could scarcely hope to profit (Butlin 1959; Butlin, Barnard and Pincus 1982). This large involvement of the state necessitated an expanded governmental bureaucracy with a consequent proliferation of rules and regulations and the placement of considerable decision-making power in the hands of officials upon whom various economic sectors came to be significantly dependent. Bureaucratic authority was tolerated, even welcomed, because governmental support was deemed essential to growth and survival (Encel 1970). More important to Australians than any strong attachment to ideology, whether of Left or Right, was the goal of *development*. The major parties argued more over the forms of state intervention necessary to achieve development rather than over the principle of intervention itself (Simms 1982, 78).

It is important to consider this political culture when we are assessing the quality of Australian democracy and the effect of political parties upon it. The self-image cultivated by Australians of rugged, anti-authoritarian individualism must be qualified by their willing dependency on collectivist, usually legal and bureaucratic, solutions. It is true that an egalitarian social ethos fostered general skepticism of politics and politicians and a certain ‘larrikin’ attitude toward authority, but Australians have generally been merely superficially antagonistic toward governments that they have learned to depend on for aid and succor. Americans fought a revolution

⁷ The Commonwealth Court of Conciliation and Arbitration, created in 1904 by the federal Conciliation and Arbitration Act, was presided over by a High Court judge.

that encouraged a vision of a nation born in the defense of inalienable rights, from the encroachments even of their own elected governments; Australia evolved under colonial tutelage that encouraged a vision of the state as, in the words of William Hancock, ‘a vast public utility’ (Hancock 1961, 57). It has often been said that, if John Locke is the philosophical saint of American politics, Jeremy Bentham, with his utilitarian doctrine of ‘the greatest happiness of the greatest number,’ holds a similarly honored place in Australia (Collins 1985). Australians have generally taken a highly instrumental view of government rather than an ideological one, with all the main interest groups and parties happy to accept a somewhat paternalistic state that dispenses resources and regulates economic conflicts. Egalitarianism finds expression in a traditional saying that ‘every bloke deserves a fair go,’ meaning in effect that no one should be left out of the distributive equation. Australians have seldom reached for ideals either higher or more profound than this. One consequence (or perhaps cause) of this is a doggedly materialistic culture that has paid scant attention to more value-centric or idealistic conceptions of the purposes of political life.

It has frequently been noted that Australia’s attachment to democracy itself is rather superficial. Although Australia was among the very first nations to extend the franchise to all male adults, and then to females, its politics were not especially illuminated by moral argument or impassioned rhetoric about democracy. General enfranchisement seemed more the result of accident and political maneuvering than of idealistic endeavor (Hirst 1988). There has been no particularly original or profound indigenous democratic theory and very limited educational instruction of citizens regarding the underpinning values of Australian liberal democracy and the principles of Australian government. Australians have expected much of their governments (even while despising their politicians) while harboring little sense of reciprocal obligation apart from a general duty to obey the laws. The fact that voting in Australia has always been legally compulsory has probably not helped to foster a more consciously democratic spirit. It is unnecessary to sing aloud the praises of democratic choice, either as a privilege or a moral obligation, for the sake of getting out the vote if voting is just one more law to be routinely obeyed (and indeed Australians are liable to punish governments that call elections ‘too frequently’).

Australian parties did little to encourage greater consciousness of specifically democratic norms, serving merely to express and channel sectoral interests. Party allegiances were solid and enduring – one generally voted as one’s forebears had always done – but party competition, though sometimes very heated, nevertheless occurred within an enveloping consensus of liberal welfarism. Australians would tolerate whatever party was in power provided it continued to operate the state as traditionally configured. And, despite their habitual grumbles, people tended to be generally satisfied with government’s delivery of public goods.

If this satisfaction can be taken to satisfy the Diamond-Morlino criterion of responsiveness, then Old Australia would seem to rate very highly with regard to the quality of its democracy, which seems somewhat paradoxical given the criticisms noted above. It may be, however, that the true quality of a democracy is revealed only when that democracy is sharply tested and comes under stress. Emy and Hughes (1991, 120) wrote with regard to the Australian condition that ‘a society whose legitimation depends more on pragmatic and instrumental relationships between rulers and ruled – support in return for benefits of consumption – and less on a widespread and shared perception of the normative rules on which the political system is formally based, might be thought a possible candidate for legitimation crisis if the flow of benefits dried up.’ It can be argued that such testing has been underway since the late

1980s, when political leaders moved the Australian polity onto a radically different trajectory than that hitherto inscribed in its history.

The reform of ‘fortress Australia’

The heavily protected environment that gave rise to what was called ‘fortress Australia’ is no more. For the last couple of decades, Australians have been asked to expect less of government and more of themselves in a brave new world of competitive markets and freer trade. If the long-term result has been something of a revolution in traditional Australian ways, then it was a revolution effected from above rather than one initiated by the democratic grassroots.

Disconcerted political elites, rocked by economic recession and stagflation in the 1970s, came to the conclusion that old ways of governing would no longer serve. Australia had long sheltered behind tariff walls that fostered industrial backwardness, economic and bureaucratic inefficiency, poor management, weak entrepreneurialism, obstructive union practices, and a general lack of innovation. But it could do this only as long as it could afford to, and it could afford to only so long as the world continued to buy its primary commodities at reasonable prices. Australia, it used to be said, rode on the sheep’s back, but fell off when artificial fibers displaced medium-quality wool as materials of first choice. To make matters worse, Britain’s entry into the European Common Market caused a sharp decline in Australian food exports, and under the impact of recession the terms of trade turned against Australia’s mineral production. These shocks, combined with the final demise of the White Australia policy, occasioned a shift of focus from the British motherland to Australia’s more immediate neighborhood. Under the ALP governments led first by Prime Minister Bob Hawke (1983-91) and then Paul Keating (1991-96), the nation’s destiny became firmly coupled to that of Asia whose inhabitants were becoming its main trading partners. But to compete effectively in this rapidly developing region, radical changes were needed in the archaic Australian politico-economic system.

The solution supported by both major political parties was ‘liberalization’ and ‘deregulation’ of the Australian economy through macro- and micro-economic reform. Australian businesses would be forced to stand on their own feet and compete internationally, while Australian workers would be rewarded according to their productivity rather than according to a judicial principle of equity. Thus tariff barriers were progressively dismantled, financial restrictions were eased or abolished, and privatizations were undertaken. Major industries – like steel production, mining, car manufacture – were forced to rationalize, down-size and restructure for the sake of efficiency, while others – like clothing, textiles and footwear – were virtually annihilated. Unions were restructured to allow workplace reform while national wage settlements were replaced by collective bargaining at firm level, eventually with individual bargaining between employer and employee. The changes wrought over time were profound, implying nothing less than the replacement of Australia’s collectivist culture with a more individualistic and entrepreneurial one.

What did not change, however, was the continuing dominance of the two-party system, though such changes could not have been accomplished had the parties themselves not adapted and changed in response to the times, as indeed they had. As in other developed countries, the loss of faith in the socialist option, the parallel decline of moderate conservatism, the alleged failure of Keynesian economic management, and the increasing appeal of hardline ‘neo-liberal’ alternatives pulled the political parties distinctly to the Right. Curiously, it was the Labor Party, in power

after 1983, that launched the most critical changes, though the Liberal-National coalition enthusiastically followed suit and attempted to press even further with radical economic and industrial reform. Historically speaking, the ALP was very early among Leftist parties in dropping ‘socialism’ as an explicit party aim and tacking rightwards toward what would be known in Britain as the Third Way and in the United States as New Democracy. Tony Blair, before he was Prime Minister, frequently visited Australia to learn the new political lessons from his ALP friends. The former ‘laborism’ of the party had already, in effect, indicated acceptance of a basically capitalistic economy provided the rewards were collectively shared and preferably growing. But the ALP now moved to a much more positive embrace of the competitive market and adopted a much more active role in re-gearing industrial Australia to meet its challenges effectively. Competition, both in the private and public sectors, became the new Labor mantra, signaling entrepreneurial innovation and improvement in levels of productivity and efficiency.

Although such changes had been judged necessary, even unavoidable, pushing forward with them nevertheless represented a political gamble of historic proportions. Both parties were, in effect, dissolving the social contract that had underpinned Australian politics for seventy years. Their belief, or hope, was that whatever pain was caused in the short or medium term would be assuaged in the long run by the increasing prosperity produced by a more dynamically business-oriented Australia competing successfully in international markets. Globalization was underway, and Australia must either join the great game or be left behind and risk becoming what Paul Keating, as treasurer in 1986, warned would be ‘a banana republic.’ And it was remarkable, despite pain and resistance, how far the parties succeeded in shifting the direction of Australian politics and society over a couple of decades. The capacity of a modernizing ALP to act as prime mover was particularly important.

Like most labor movement parties, the ALP had begun as a ‘mass party’ (Duverger 1964), with its membership forming a strongly disciplined extra-parliamentary organization that approved the ‘party platform’ to which the parliamentary wing was theoretically subservient. The trade-unions, upon which the party depended for its financial subsistence, naturally played a prominent role in policy debate and formulation.⁸ By the late twentieth century, however, as class divisions grew muted through social and economic change and the unions grew weaker, the balance of authority had been shifted via internal reform toward the more pragmatic parliamentary wing. The ALP effectively became, like most such parties round the world and like its opposing Liberal Party, a ‘catch-all party’ whose leaders appealed beyond the traditional base to other sectors in order to gain votes and win elections (Kirchheimer 1969). It had to learn even to be an ‘electoral-professional party’ with a heavy emphasis on visible leadership, media image and professional opinion polling (Panebianco 1988; Barns 2005). Nevertheless, the ALP could hardly have undertaken its directional shift in the 1980s without labor support, most significantly from the union movement.

⁸ The leadership’s policy dependence on the extra-parliamentary wing was consequentially caricatured in 1963 by a newspaper photograph showing the leaders of the parliamentary wing waiting for the ‘36 faceless men’ of the ALP’s organizational executive to tell them Labor policy on a proposed US communications base in Western Australia. Labor, already electorally weakened by its post-1954 split with the Catholic anti-communist Democratic Labor Party, lost even more ground in the election of 1963 when Liberal leader Robert Menzies’ mercilessly pilloried the faceless men. Deputy ALP leader Gough Whitlam seized the opportunity to attack the party for the irrelevance of its policy processes and to press for reforms, including placing parliamentary leaders on Labor’s federal executive.

The Bob Hawke Labor government came to power in 1983 with the failures of a previous Labor government, that of Gough Whitlam (1972-75), uppermost in mind. Whitlam, believing that the old Australian model had outlived its usefulness, was the first national leader to try to set the country on a new path. He had entered office with an ambitious Labor agenda of reform and renewal that took on the entrenched Australian business and social elites with a ‘crash or crash through’ mentality. Though he accomplished much in a few years, his program required traditional heavy public spending that collided with the 1973 oil crisis and subsequent recession, and also with his own policy of precipitately cutting all tariffs by 25 percent. The results – high inflation, burgeoning balance of payments deficits and rising unemployment – aroused the bitter opposition of business and Coalition forces, leading eventually to his ignominious dismissal by the Governor-General and his loss of the subsequent election of 1975.⁹

Hawke had been a leader in the union movement, but in his 22 years association with its peak body, the Australian Council of Trade Unions (ACTU), he had also formed close associations with business leaders, and was determined to approach the task of radical reform through a process of national consensus rather than confrontation. This meant, in effect, a corporatist consensus between the main players of business, government and unions. Though Hawke was bitterly attacked by Labor traditionalists, who accused him of hijacking the ALP and taking it to the Right (Jaensch 1989), he and his treasurer Keating and industry minister John Button could not have undertaken their radical reform of industry, finance and unions without the support of the ACTU. A series of Prices and Incomes Accords were negotiated with the ACTU that held down wages and dampened industrial disputes.¹⁰ Employing a personal, presidential style of leadership, Hawke managed to remain highly popular despite the extensive reforms, winning reelection in 1984, 1987 and 1990. In a new climate of recession and rising unemployment, he was displaced from leadership by his less-than-loyal treasurer, Keating, in late 1991, but his government had by then accomplished a major task in shifting the nation onto a radically new trajectory (Ryan and Bramston 2003).

Party duopoly reasserted

The Liberal Party that faced the 1996 election under the leadership of John Howard had also moved rightward. Since the original fusion of liberals and conservatives in 1909, there had always been ideological tensions within the party, but in the last part of the twentieth century traditional liberalism was decidedly marginalized by hard-line conservatism. The Coalition government that won power in 1996 insisted on dry ‘economic rationalism’ and socially conservative policies at the expense of ‘bleeding-heart’ liberal concerns. Nevertheless, economically speaking, Howard’s government

⁹ The dramatic, many believed scandalous, dismissal of Whitlam caused a constitutional crisis over the ‘reserve powers’ of the Governor-General under the Constitution. Liberal-National senators had gained control of the Senate and had blocked the money supply bills of Whitlam’s government, threatening essential public services. Whitlam proposed to borrow the necessary funds from banks, but Governor-General John Kerr (representative of the Queen under the Constitution), concerned with the legality of this, used his hitherto unused reserve powers to dismiss the government (Hall and Ironmonger 1976; Blackshield 2001).

¹⁰ The unions traded off wages for increases in the ‘social wage,’ for example giving workers access to superannuation, increasing benefits to poor families, and the establishment of a universal health insurance system under Medicare.

essentially continued the radical economic reforms of the Hawke-Keating years, from which it also gathered the benefits.

Yet such changes inevitably caused significant strains and anxieties that bore political fruit during Howard's rule. Pain had been particularly felt in regional and rural areas which were hardest hit by economic decline and the withdrawal of governmental support and services. Resentment had grown steadily at what was felt to be unjust neglect and a failure of representation. The National Party, which had traditionally represented regional interests, was seen to have been compromised by its electoral association with the Liberals, abandoning its proper role of protection of the regions for the sake of maintaining a foothold in governmental office.¹¹

Reaction came in 1997 with the formation in Queensland of a populist, far-Right party, the One Nation Party, which invoked the old demons of White Australia by focusing blame on immigration and multicultural policy. Significantly, it also roundly condemned economic rationalization and globalization and called for the return of protectionism. One Nation profoundly shook Australian politics with its rapid rise, winning 11 of the 89 seats in the state of Queensland's election in 1998 and a seat in the Senate in the same year. It delivered a powerful shock to a party system that stood condemned for its failure to respond to an increasingly alienated electorate. The charge that One Nation's leader, Pauline Hanson, laid in her maiden speech to parliament – that the parties had kept ordinary Australians out of important debates for too long – was eerily similar to that laid by Labor's Mark Latham.

But One Nation's initial success also proved its zenith, for it swiftly fell apart due to internal divisions, policy incoherence and the alarmed response of the major parties. Indeed the One Nation challenge revealed, in the event, the strength of Australia's two-party duopoly. Howard's Coalition swiftly shored up its Right flank by adopting harsher policies on illegal immigration and refugees than otherwise would have been the case, while the opposition ALP, seeing the way the electoral winds were blowing, raised hardly an objection. Meanwhile Labor, in power in every State and Territory, moved swiftly to appease the regions, especially in Queensland, with redistributive and other policies. With its electoral ground effectively stolen from under it and its internal structure crumbling, One Nation disappeared as other third party challengers had done before it.

The ALP-Coalition domination of the political landscape continued. (Indeed, with the Nationals growing ever weaker as their rural base suffered long-term decline, and the Liberals casting covetous glances at National seats, the two-and-a-half party duopoly threatened to turn into a straightforward two-party one. In Queensland in 2008, the Liberals and Nationals merged into a single party in reaction to enduring Labor dominance.) Some even argued that the One Nation episode had revealed that the parties had now become 'cartel parties' (Katz and Mair 1995), which is to say parties in limited competition with one another but united in their desire to exclude new entrants to the game and effective in combining to do so. According to the cartelization thesis, such parties become increasingly similar to one another and similarly reliant on the state for funding, thus becoming independent of party members or of popular and sectoral pressures generally. It is argued that cartel parties, unlike catch-all ones, need to curry favor with elites more than with the voting public. If such a charge could be sustained against Australian parties, then the criticisms by Mark Latham with which we began may seem to have a point. Cartel parties subvert

¹¹ Whenever the Coalition is in power, traditionally, the Prime Ministership goes to the leader of the Liberal Party and the Deputy Prime Ministership to the Leader of the Nationals, with relevant ministries (eg Primary Industries) also usually being filled by National members.

genuine representation not just by destroying third party challengers but by their own self-insulation from democratic influences. The quality of democracy must accordingly suffer deterioration under their alternating rule.

Whether cartelization has in fact occurred in Australia has been the subject of debate (Marsh 2006). The best conclusion seems to be that, though there are certain features of the modern parties that fit the model – with the rightward movement of Labor, the parties are increasingly similar in policy terms, and each relies in office on public funds to aid party purposes – it is going too far to argue genuine cartelization. Certainly there is no evidence of outright collusion between Labor and Coalition of the kind that Pauline Hanson and others charged over a number of issues (Goot 2006). There is also no evidence that the parties colluded to defeat Hanson herself, nor is it necessary to assume they did to explain outcomes. Neither party can be expected to be sanguine about the sudden rise of a new party capable of robbing it of votes and parliamentary seats; each has an independent vested interest in defeating it and will generally act in predictable ways. In fact, the racist features of One Nation laid down a moral as well as an electoral challenge to the big parties, and their pusillanimous response to it showed that, far from being insulated from public opinion, they were all too aware of it and keen to appease it.¹² The Liberal Party, which had itself flashed the racial card in the recent past, had gained an advantage over Labor on its attitudes to immigration, as polls showed (Goot 2006, 187). Labor knew that, when Howard responded to One Nation by shifting to brutally repressive policies on illegal immigration, they had little to gain electorally by strongly challenging him on the issue. This raises an uncomfortable problem of democratic responsiveness that may be too easily overlooked when discussing party contributions to the quality of democracy. Bob Hawke had believed it was a signal achievement of the parties to remain *unresponsive* to the immigration issue by keeping it off the agenda. At any rate there is no sign that the major Australian parties, which always compete fiercely for political dominance, are unconcerned with public opinion on critical issues, as their obsession with polls amply testifies.

Even if we cannot regard the major parties as genuinely cartelized, it is nevertheless fair to say that, as Labor moved Rightward, it became more difficult to differentiate one from the other in terms of economic policy. Their convergence on the necessity for major economic reform undoubtedly left substantial portions of the electorate feeling unrepresented in the political arena. Dissenting views could, however, find representation in one important political venue, the upper chamber of the federal parliament, the Senate. There, small parties with impeccable grassroots credentials could win seats and exert political influence, thus moderating the ‘tyranny’ of the big two parties. Such representation is, however, a somewhat accidental part of the Australian political system rather than an intentional design feature.

The Senate has a curious history with respect to the party duopoly, which had been powerful enough to defeat the Constitutional aims of the upper chamber after federation. Created on the US model as a States’ house (with each State, whatever its size, having equal representation), the Senate was quickly dominated by party allegiances and thus never operated on the principle of State representation. So called block voting for Senators resulted in a ‘winner takes all system’ that gave the government of the day (formed, in Westminster tradition, by the party winning the majority of seats in the lower house, the House of Representatives) ludicrously large

¹² Forthright condemnation of Hanson’s overt racism by politicians was rare, and indeed was most strongly expressed by a *Liberal* leader from the Victorian party, Jeff Kennett.

majorities in the Senate. For its first half-century the Senate therefore acted mainly as a rubber stamp. In 1948, however, the Labor party, rightly fearing a loss in the forthcoming election, sought to preserve some influence by altering the voting system for the Senate to one of proportional representation. This indeed prevented super-majorities, but also inadvertently allowed minor parties to win seats and to hold the balance of power (Brandis 2005). Since the Constitution grants the Senate equal legislative power to the House of Representatives (save in initiating money bills), the upper chamber could now exert its formerly latent capacity to block governmental legislation. In recent decades, small parties with internally democratic structures and idealistic aims – Greens, for example, and Democrats (a socially liberal splinter from the Liberal Party) – and sometimes even individuals with moral agendas, have frequently occupied a pivotal position that enables them to force governments to negotiate and ameliorate positions in order to pass bills in the upper house. This, needless to say, has been an irritant for either large party when in office.

There was frequent speculation over whether voters positively valued this checking power and voted intentionally for smaller parties or individuals in Senate elections. Whatever doubts there may have been on this seemed dispelled by events after the 2004 election in which John Howard defeated Mark Latham's Labor challenge and regained government. Howard also won a slim majority in the Senate, the first time in 20 years that a government had done so, and decided to use his advantage to push the labor reforms begun in the 1980s to their most conservative conclusion, putting a final nail in the coffin of unionism. The right of individual bargaining between employer and employee was turned into an imperative via legislation going under the name of 'WorkChoices.' This constituted the most far-reaching reform of industrial relations in a century, but proved deeply unpopular and was one of the most significant causes of Howard's election loss in November 2007. It was a signal that the Australian people had reached the limit of their tolerance for liberalizing change that removed the protections they had enjoyed under the old regime, in this case their workplace protections. The Labor Party led by Kevin Rudd, promising to abolish WorkChoices, won government with a majority of eight in the lower house, but tellingly was not granted a majority in the Senate. The balance there now fell to a combination of four senators from the Greens, one from the Family First Party, and one independent. Sufficient numbers of the Australian people seemed to have decided that untrammelled legislative power in the hands of either party was a bad idea and had voted accordingly.

The parties and the quality of Australian democracy

The expectation of Old Australia that the state would provide in a spirit of equity, and *should* so provide, was to a large degree met by governments of both hues under a collectivist consensus that no doubt bred a certain dependence and passivity among citizens. And when the social contract underwriting that arrangement was abandoned by governments it was not at the insistence of a democratically aroused electorate demanding renewal, but through party leadership that had forced through change while trying to educate and persuade the people that the challenges of a globalizing world required such an uncomfortable jolt. To a remarkable extent they succeeded, though not without angst and opposition.

Yet, although Australia has changed in very many ways, some things remain familiar. It is perhaps ironic that, at the end of the reform era, the rise of China and Asia turned the terms of trade once again in the country's favor, creating an extractive

economy whose major wealth is produced by a very few miners. This fact has potentially undermined the need that Australia become a genuinely ‘clever country’ rather than just a lucky one. Budget surpluses created largely through mining royalties have provided large coffers to meet popular demands, and Australians still have little embarrassment or hesitation in turning to government to solve all problems and ensure distributive justice. There is hardly an issue that arises in Australian life – drought, health, infrastructure, rising rents – for which the Australian response is not ‘the government ought to do something.’

What then of the major parties, and the kinds of criticism made of them by Latham? As we have seen, they have maintained their duopolistic position over time while altering their nature and even their fundamental purposes. The Labor versus Anti-Labor nature of the duopoly established at the beginning persists, although Labor is now, despite its recent emphasis on ‘working families,’ really a centrist liberal party with conservative economic tendencies. Nor is all well in the internal workings of the parties themselves. Labor membership has declined drastically as has the union movement, and the rump of the extra-parliamentary wing has ossified with destructive consequences. If the party’s political goals have altered, its internal structure remains archaic, dominated by factions formed originally on ideological grounds – Left, Centre and Right – but now congealed into mere rival tribes struggling for power and placement, a resolutely masculinist world of Machiavellian maneuvering and corrupt practices where principle and purpose are sacrificed to internecine feuding. The parliamentary wing may dominate by virtue of public profile and access to the media, but parliamentarians themselves are produced ultimately by nefarious selection processes and vicious infighting in the local branches run by an old boys club that is resistant to reform, to fresh ideas, or to the promotion of too many women. Popular victories by high profile leaders like Kevin Rudd may strengthen the hand of the latter against the party power-brokers, but it remains a difficult but necessary task to reform the internal party structure by opening its closed processes to wider and broader participation, allowing in some needed fresh air.

The National party, meanwhile, seems in terminal decline, while the Liberals have problems of their own. The Liberal commitment to a decentralized, State-dominated party organization was weakened considerably after 1983 and practically overthrown by the Howard government. Howard, in his eleven years in office, moved determinedly to centralize the party and put control in the hands of the federal leadership. This was deeply resented in many of the States. Discontent was muffled as long as Howard was winning government, but after the election loss of 2007 it is liable to be more openly expressed. The same goes for the more traditionally liberal voices within the party whose pleas for more attention to social justice issues were overwhelmed by the dominance of socially conservative and economically ‘rational’ policies of the Howard era. And, finally, the demise of Howard, a monarchist, will once more open up the question of making Australia a republic by cutting remaining ties to the British monarchy, an issue which divides the Liberals much more than it does the Labor Party.

For all their sins and problems, however, the dominance of the two parties seems set to continue for the foreseeable future, especially given their demonstrated capacity to respond to challenges based on perceived failures of representation. It would frankly take a change to the voting system to reshape the party system, and there is almost no chance that either party would support such a reform. The Senate, nevertheless, will continue to provide an opportunity for small party representation

and thus an institutional check on the overweening dominance of either party when in power.

We have seen that Australians have not traditionally been fervent about democracy *per se* nor perhaps have been required to be, rather taking for granted a system of government for which they have not had to expend blood or even much energy. Party attachments in the past have certainly been passionate (which is not the same thing as attachment to the democratic system itself, but merely a signal of the desire to control it), though even that has declined in the recent era as the old class divisions weaken and grow more amorphous. We have also seen that Australians, like most democratic peoples, habitually distrust their political leaders, but polls consistently show their overwhelming approval of their political *system* – which presumably includes the parties central to it. When all is said and done, therefore, it is somewhat difficult to fairly judge the quality of Australian democracy and the contribution of Australian political parties to it. Such a judgment depends on one's vision of what democracy could be or should be, and what representative democracy in particular *can* be. On non-radical accounts of democracy, especially of representative democracy, the Australian attitude can be argued to exemplify the way the system is supposed to work. Though inertia or sloth may affect the performance of every government in time, skeptical voters remain demanding, if not necessarily consistently engaged, and are able to bring politicians to account at election time thus forcing the political system to respond.

After its own fashion, Australian democracy seems robust enough. When a large proportion of Australians feel genuinely aggrieved by what they see as unreponsiveness in a government to issues of deep public concern, the party in opposition is swift to capitalize on this discontent and promise something better. John Howard was fond of warning that changing the government meant changing the country, and there proved to be a lot of truth in this with respect to his own government.¹³ When power passed to Rudd's Labor government there was a palpable sense of entering a new era (particularly symbolized by Rudd's swift, historic apology to Aboriginal peoples). Australians, with their habit of looking to government to solve all ills, naturally prefer governments strong enough to deliver on what they promise, and Rudd was scrupulous in his first year in fulfilling all the promised he had made to Australians during the election campaign. Whatever the system's shortcomings, the capacity of strong parties to act positively to meet public demands remains something that distinguishes a two-party Westminster system from multi-party systems, where governmental policies result from compromises negotiated independently from and often in contradiction to electorally-expressed desires.

¹³ The outpouring of emotion at the election of Barack Obama in the United States seemed emphatically to confirm this nostrum as a general proposition.

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