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Putting the Australian Labor Party in International Perspective

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Refereed paper presented to the Australasian Political Studies Association Conference
University of Tasmania, Hobart
29 September – 1 October 2003
Abstract

This paper assesses the Australian Labor Party’s current debates over future directions with reference to attempts by the left of center political parties in other western nations, especially in Western Europe, to deal with the end of the economic “golden age” since the early 1970s and the widespread resurgence of neo-liberal ideologies since the late 1970s. The dominant recent view of such comparisons has been through the ideological lens of the “Third Way”. This vision however tends not to see relevant variations between the experiences of social democratic parties in individual Western European nations as they have sought to deal with adverse circumstances since the early 1970s. Nor does the Third Way view sufficiently extend to the widely varying background landscapes: that is, the different levels of historical achievement by left of center parties in the different nations. Some social democratic parties in European countries are pursuing more progressive political agendas than the British Labour Party under Tony Blair and they are starting from a very different basis of policy achievement and political strength than either the British or Australian labour parties. The nature and extent of these international differences need now to be highlighted from an Australian political perspective in order to better inform the current debate about the range of options for the ALP and the current comparative condition of the Australian party system. As part of this analysis, the relationship between the erosion of the traditional blue-collar support bases of the major left of center parties in various nations, amid economic restructuring and challenges to traditional immigration patterns, and the rise of support for anti-immigrant policies and parties, need to be carefully examined and evaluated.

The Australian Labor Party is currently in opposition at the national level and has been for seven years. As such it is like most nominally left of center parties in western nations. A ‘swing to the right’ has been reported in western Europe since the big rise in support for Jörge Haider’s xenophobic Freedom Party in elections in Austria in October 1999, and that party’s entry into a conservative-led coalition government, which ended 30 years of social democrat-led government in that nation. The ‘swing to the right’ in Europe has included: a rise in support for anti-immigration politicians in Switzerland in October 1999; the election of a conservative government in Spain in April 2000; the defeat of the left of centre ‘Olive Tree’ coalition and return of Silvio Berlusconi as Prime Minister of Italy in June 2001; the replacement of a Labor government with a conservative/christian democratic/liberal coalition government in Norway in September 2001, underpinning which the anti-immigration Progress Party holds the parliamentary balance of power; the election of a right of centre government to replace the social democratic government of Denmark in November 2001 and its subsequent enactment of the harshest
immigration laws in Europe, in what has traditionally been one of the continent’s most tolerant countries; the election of a moderate conservative coalition to replace the social democratic government of Portugal in March 2002; the defeat of the Socialist Prime Minister Lionel Jospin and the strong showing of the neo-fascist Jean-Marie Le Pen in the Presidential election in France in March-April 2002; and the surge in support for the party of assassinated populist Pim Fortuyn in the Netherlands election in May 2002, which helped end eight years in office of a left-led (Labour Party coalition) government in that country.

Against this trend however has been the fact that a socialist government remains in office in Greece; that Sweden’s social democratic government was re-elected in September 2002 and that in the same month the social democrat Gerhard Schroeder was re-elected as German Chancellor on a platform opposed to the United States (US)-led war with Iraq (as well as to US-style economic policy). And, although French voters put Le Pen ahead of the Socialist Prime Minister Lionel Jospin in the first round of voting in the Presidential election, they then - shocked at what the accumulated effect of miscellaneous protest votes had done - marginalized Le Pen in the second round in October 2002, rallying behind the more mainstream candidate of the Right, Jacques Chirac, on a platform of moderation.¹ The mainstream party of the Right in Austria (the People’s Party) did likewise in 2002 to Haider’s Freedom Party following the strong, Europe-wide reaction against Haider’s party’s entry into government in 1999. The Austrian Social Democratic Party’s vote also rose in the November 2002 elections, although not sufficiently for it to return to Government. Further, the rightist coalition government elected in the Netherlands quickly collapsed, in October 2002, after ‘Fortuyn’s List’ fragmented, and a new election was held in January 2003 in which the Labour Party’s vote rebounded to the point where serious discussions occurred about it entering into coalition government with the other major party, the Christian Democrats. The unprecedented election of the Workers’ Party’s Luiz Inacio Lula da Silva (‘Lula’) as President of Brazil in October 2002 is also worthy of note in any balanced discussion of recent international political
trends. It should also be recalled that it was only three years ago that Europe was seen as having undergone a ‘swing to the Left’, with 11 of the 15 European Union (EU) member nations being governed by left of centre parties early in the year 2000. What is certain then is that there is electoral volatility in Europe, just as there is elsewhere in the western world.²

In discussions about this electoral volatility, parallels have been drawn between the rise of the anti-immigrant right in Europe and Pauline Hanson’s One Nation Party in Australia. The relationship between the erosion of the traditional blue-collar support bases of the major left of centre parties in various nations, amid economic restructuring and challenges to traditional immigration patterns, and the rise of support for anti-immigrant policies and parties, need to be carefully examined and evaluated. An Australian journalist (then European correspondent for *The Age* newspaper), Geoff Kitney, wrote in October 1999 in the days after the rise of Haider’s party in Austria that:

*support for the far right is fed by disillusionment over the failure of free market economics to improve the lives of ordinary people after the fall of communism. Unemployment and poverty in former Soviet bloc countries have been the only dividend for millions of people.*³

Another informed Australian journalist, Tim Colebatch, wrote just after the official inauguration of the controversial new Austrian government, in early 2000, that the

*coalition government…formed in Vienna last week [was] between the People’s Party (their equivalent of our Liberal Party) and the right-wing populist Freedom Party (their more successful version of One Nation).*

He cautioned that:

*overreaction can only fan the sense of grievance and xenophobia that is the source of his [Haider’s] growing political strength. It might suit people in the West to present him as*
leading some neo-Nazi movement in Austria, but those who actually follow Austrian politics know that is untrue.

...His antennas sense every displeasure and discontent among Austria’s lower middle class ... Haider promises them a comfortable status quo, if only the asylum-seekers and immigrant workers were sent away and the EU was not extended (to include Eastern Europe)... Haider’s party is a print-out of the discontents with this (welfare) state....

American political scientist Max Riedlsperger, an avowed left-liberal, says the idea that Haider and his party hold “the seeds of totalitarianism” is laughable. Haider, he argues in a 1996 book, Austro-Corporatism: Past, Present, Future, is essentially a politician stirring up protest votes: against immigration above all, against unemployment, welfare cheats, high taxes and poor government services, crime and soft sentencing.

The Freedom Party has prospered under Haider largely because Austria’s system of proportional representation kept condemning the two major parties to govern together in a “Grand Coalition”. This slowly eroded the raison d’etre of the conservative People’s Party, the junior partner in the coalition, and ensured that protest votes could only go elsewhere, primarily to Haider.

...he appeals to the young because he comes over as...a cool guy who says things you’re not allowed to say, prefers casual clothes to suits and puts Austrians first. As Riedlsperger argues, he plays on “the disconnect between the political elite and the rank-and-file”, allowing ordinary people to “express these feelings that are kind of pent-up”.

This is the politics of grievance, not Nazism.4

Similarly, with the Netherlands, commentary has emphasised that Fortuyn appealed as a colourful outsider to the consensus, behind-closed-doors approach of the previously governing multi-party coalition. There are clear resemblances in all of this to the part played by Pauline Hanson’s One Nation Party as an outlet for the expression of discontent against the Australian political establishment, including on economic policy, following the ALP’s convergence with the conservative parties in favour of neoliberalism in the 1980s and early 1990s.

The electoral volatility which has recently been evident in parts of Europe, as in Australia, must be seen at least partly as the product of labour and social democratic parties’ own failure in recent decades to promote policies which advance the
interests of their traditional supporters. The decline in the ideological gap between parties caused by the move of labour and social democratic parties to the Right has certainly weakened individual voters’ partisan attachments and affected election results in Britain and Australia; and it may well have done so also in other nations, in Europe.

After the election to government in 1997 of a British Labour Party sharply shifted to the Right under Tony Blair, a process influenced in part by the Hawke and Keating Australian Labor Party governments of 1983 to 1996, there was an endeavour to philosophise the policy departures of modern social democrats as amounting to a new ‘Third Way’.5 This slogan in turn attracted some support in some ALP quarters, among acolytes of Blair and the then US President Bill Clinton, as the ALP faced its first few years trying to renew from Opposition. The so-called ‘Third Way’ has been effectively criticised from several perspectives however. Although it claims to offer a strategy for renewing the left of centre that avoids both the free-market liberalism of the New Right and the state socialism of the Old Left, it has been criticised for, at the least, “conceding too much to neo-liberal prejudice”.6 As Will Hutton notes in his important new book, The World We’re In, “the social democratic parties in Germany, the Netherlands and Scandinavia…have given up less ground than [Britain’s] New Labour”.7 Blair’s Labour Party has prompted “widespread distrust among its own supporters of the borrowed American conservatism that informs many of its criminal justice and social policies” and as a result, Hutton argues, “it will need to be more open to European examples and models rather than having its options closed down by a blinkered focus on America”.8 The ALP has also been heavily influenced by ideas from the US Democrats, some of them via Blair’s New Labour, and it will also need now to be more open to European examples and policy models if it is to rebuild support. The policy position of European social democratic parties, and its contrast with that of the Clintonised British Labour Party, can be readily seen in the Declaration of Paris signed at the (most recent) congress of the Socialist International, held in November 1999.9 Blair’s government and any pretence it makes to social
democratic credentials have been particularly badly dented in the last twelve months including among its peers in Europe and in the eyes of its erstwhile supporters in the ALP by its gung-ho support of the US-led war on Iraq and by its earlier attempts to adopt very harsh measures against refugees. On both issues it has been rebuffed by other European nations including even by France under the conservative President Chirac. The ALP under the leadership of Kim Beazley in 2001 took a hostile attitude to refugees like that which Blair has taken. Under the subsequent leadership of Simon Crean however it has moderated that hostility somewhat and also, significantly, it opposed the unilateral US-led war on Iraq, unlike Blair’s New Labour but like the social democratic parties of Europe.

There are of course historical organisational differences between ‘labour’ and ‘social democratic’ parties in that labour parties are formally affiliated with trade unions. Nevertheless, the Australian Labor Party, the British Labour Party, and the New Zealand Labour Party, in common with the Western European socialist and social democratic parties - but unlike the US Democratic Party which is at most a liberal democratic rather than a social democratic party - have all long been members together of the Socialist International. The historical importance of the organisational distinction between labour and social democratic parties may be overstated, given the central importance of cooperation with national trade union bodies in the continental European social democratic parties. In fact it is those parties which have built up the strongest corporatist institutional arrangements involving trade union co-operation at the level of national government policy making. The notion that the Australian labour movement has been “pragmatic, lacking principles, bereft of theory” in comparison with northern hemisphere counterparts because of its ‘labourist’ rather than ‘socialist’ or ‘social democratic’ history has also been rightly criticised. Even if such distinctions were once important they are generally seen as having reduced since the 1970s with the Whitlam Government bringing Australian Labor more into line with European ‘social democratic’ parties’ policies in its initiatives for health and welfare provision. The two types of left of centre party,
whether ‘labour’ or ‘social democratic’, face essentially similar strategic and policy challenges now.

There have been important and instructive political variations between the experiences of socialist and social democratic parties in individual Western European nations as they have sought to deal with the end of the economic “golden age” since the early 1970s and the widespread resurgence of neo-liberal ideologies since the late 1970s. There have also been widely varying and enduring historical achievements by the left of centre parties in these nations, which should not be glossed over. As well as pursuing more progressive political agendas than the British Labour Party under Tony Blair some social democratic parties in European countries are starting from a very different (much firmer) basis of policy achievement and political strength than either the British or Australian labour parties. The nature and extent of these international differences need now to be highlighted from an Australian political perspective in order to better inform the current debate about the range of options for the ALP and the current comparative condition of the Australian party system.

In his new major history of the Left in Europe, Geoff Eley points out “the variegated hegemony of neo-liberal policies throughout Europe”13 in the 1980s and 1990s. “Where government favoured them and public values backed full employment, unions survived, whether socialists or conservatives governed”14, he points out. “Swedish union density rose from 67.7 percent in 1970 to 82.5 percent by 1990” in contrast to elsewhere. “Where social democratic corporatism was strongest – Scandinavia, Austria, West Germany – damage to the working class could be contained, whether in jobs, incomes, benefits, political representation, union organization, the socially organised capacities of working-class communities, or the social value accorded to labor and its culture and traditions. There, even under retreat, organized labor kept better resources and self-confidence in the political arena”.15 Ideas for “a revised social contract based on distributive justice, social citizenship and the welfare state…alternatives to radical marketization…were still functioning in parts of Western Europe…despite the dominant neo-liberalism of the
Neo-liberalism has not swamped all social democratic parties in the world in recent decades uniformly. Full employment survived into the 1990s in Sweden, well beyond the trend in other nations. The defeat of the Social Democrats in the 1991 Swedish elections was seen by some at that time as evidence that neo-liberalism had conquered even the strongest stronghold of western social democracy. However, the fact remains that this non Social Democratic government was voted out of office after only one term in Sweden in 1994 after it made cuts to welfare. The Social Democrats have since their return to government in 1994 been re-elected twice and have successfully adapted, and essentially preserved, the Swedish model. Successful adaptation has likewise occurred in Denmark. Nations such as Sweden, Denmark, Norway and the Netherlands are continuing to provide strong public welfare outlays and to build high-skill economies through high levels of public investment in education and strong governmental, industrial and social partnerships. They have continued to achieve solid economic growth while retaining a comparatively very even distribution of wealth and income. The Social Democratic Party has now governed Sweden for no less than 62 out of the 71 years since 1932. The Australian Labor Party has been in office for just 24 of those years. The reasons for the hegemony and resilience of social democracy in northern Europe would repay revisiting now as part of any open-minded consideration of policy and political options for an ALP seeking to rebuild support. Australian Labor could benefit from closer study of the policies followed in particular northern European nations which have been instrumental in achieving economic prosperity with comparative equality there, and from closer study of the possibility of transferring such policies to Australia.

Elements in the Australian labour movement have, of course, previously looked to the Scandinavian model of social democracy as a way of transcending their political
problems, embedding better workers’ rights and social welfare entitlements, and
generally moving beyond the limitations of Anglo-Saxon economic and political
culture. The 1987 *Australia Reconstructed* report on a trade union and government
delegation to Scandinavia and Western Europe was a concerted effort to bring some
of the fruits of the Scandinavian and other Western European social democratic
parties’ success to Australia. There have been more fleeting glimpses of appealing
‘European models’ many times since too. The strong, quality vocational training
system in Germany and the ability of vocationally trained individuals in Germany
and Denmark to adapt to a variety of skilled occupations along a secure career path;
the prevalence of generous paid maternity leave, of paternity leave, the relative
gender equality and the priority given to the rights and needs of children in
Scandinavian countries; the social charter/chapter for workers’ rights adopted in
Europe in the late 1980s, and the required role across that continent for works
councils, are among many continuing policy attractions of ‘European models’
which have occasionally attracted the interest of Australian Labor. In employment
policy, parts of Europe such as the Netherlands have been held up in recent years as
an alternative model for Australia to the US in achieving a very low unemployment
rate but without low-wage jobs, inequality, stress in the workplace or welfare cuts.
The victory of the Socialist Party in the French parliamentary elections in 1997
chiefly on the issue of unemployment and on a platform of expansionary direct job
creation and shorter working hours after only a short period of conservative
Government during which unemployment had risen gave heart to the federal ALP,
and to the Left in particular, then. While Jospin’s government in France lasted only
until 2002, the regulated reduction of working hours since 1997 is rated by many as a
success in helping reduce unemployment and it has also left a social legacy.
Another set of successful (and arguably ‘social democratic’) employment and
industrial relations policies pursued in Europe in recent years has been in Ireland.
Europe’s rising "new left" in the mid to late 1990s, particularly with the initial
ascendancy of Oskar Lafontaine in the first Schroeder German Social Democratic
Party government, and the change to a left-of-centre government in Italy in 1996, led
by a former communist from 1998 to 2001, attracted Australian interest in Europe as a clearly countervailing influence and alternative social and political model to the US, notwithstanding Lafontaine’s early exit from the German Government and Chancellor Gerhard Schroeder’s decision to align for some time to more orthodox neo-liberal economic policies. The recent reported ‘rise of the right’ in Europe may have dissipated this interest but continental European social democracy is likely to offer much more promise for ALP policy and political renewal than a continuing adherence to the essentially neo-liberal policies pursued by Clinton and Blair.

Following the 1987 release of the report of the *Australia Reconstructed* mission, Francis Castles - a British-born scholar of Scandinavian social democracy and of comparative public policy, who from the mid 1980s to 2001 was a prominent academic in Australia (and New Zealand) before his recent return to Britain – generally supported the direction of that report’s proposals. However, he expressed some reservations about its underlying rationale. Castles emphasised then that Australian ‘laborism’ was quite distinct from the European ‘social democratic’ tradition and that Australia had created a ‘wage earner’s welfare state’ by other means than traditional European-style state provision, notably through equalising of primary incomes through arbitrated regulation of the labour market. Indeed, he contended then that “one might easily mount a case that laborism [in the policy sense] works just as well as the social democratic strategy” and at that time he criticised other scholars for their “simplistic” and “dismissive” classification of Australia as a merely liberal welfare state. For many years, Castles defended the policy record of the Australian Labor governments of 1983-1996 in moderating market-driven inequality. For many years he has been cited as the main authority by defenders of the relative adequacy – by international standards - of Australia’s welfare provision. Very recently, however, Castles has conceded that

*Welfare gains by regulative means can also be removed without that fact being as evident as it would be if reflected in substantial public spending shifts. And Castles’*
claim [now] is that they have been removed...such removal was possible without a major clash of values because few ordinary citizens realized just what was at stake. The cost of achieving policy objectives relatively invisibly is that the relevant policies can be removed no less invisibly.21

Today, indeed, Castles himself believes that the industrial relations deregulations unleashed, and the social policy restrictions imposed, by successive Australian governments in the 1990s have so eroded Australia’s distinctive welfare state that it has now reached the point that the only positive future does indeed lie in attempts “to redesign Australian welfare institutions along more European lines”.22 This is a significant statement.

Defenders of the Hawke government’s early and sharp right turn away from the 1982 social democratic economic platform upon which it had been elected pointed to similar actions by the contemporary governing socialist parties of France and Greece.23 They could also have added: Spain. There is no doubt that the 1980s were difficult times intellectually for left of centre parties to be in office. However some European social democrats have responded in a relatively far-sighted way to the 1980s experience of financial market pressure to abandon policy. They have kept their original social democratic objectives. Will Hutton describes how French Socialists have for long envisaged that a “single [European] market and single currency would create a complete European economic space sufficiently large to host a challenge both to the [US] dollar and to the conservative ideology of the financial markets, and so create the possibility of the kind of expansionary monetary and fiscal policy that both [Jacques] Delors and [Francois] Mitterand – from their experience in the early 1980s – knew was impossible for any single European economy”.24 Will Hutton’s book champions the idea that there is a general ‘European social model’, distinct from US-style capitalism. He wants to protect what he sees as Europe’s associative, stakeholder capitalisms, with their strong public realms and their embedded social contracts (including adequate levels of public spending, and comprehensive welfare provision) before the march of an imposing ideologically
American form of ‘globalisation’. “Europe does have an approach to capitalism that is distinct from that of the US, and although there are different variants across Europe, more unites than differentiates them”, Hutton argues. A strong resistance has been previously noticed in continental Europe to the US cultural dominance symbolised by the ubiquitous spread of McDonalds fast food restaurants which threaten both the former distinctive, individual cafes and the continuing viability of quality regional food produce.

In *The World We’re In* Hutton challenges the claims of superior US economic performance in recent decades, emphasising that the strong growth of the US economy from 1995 to 2000 was an old-fashioned consumer boom built on record credit and is therefore unsustainable. “The credit that has driven the consumption – and much of the jobs growth – has been taken on by ordinary wage-earners even as their wages have been squeezed in real terms…they [therefore] face highly uncertain economic prospects with enormous cumulative debts…The great job-generating machine is coming to the end of its capacity to deliver”, he contends. Hutton emphasises the reality of entrenched and massive poverty and inequality, and tolerance of these, in the US and the contrast between this and Europe (including Britain). He criticises the torrent of “propaganda” which has emanated from twenty-five years of neo-liberal political dominance in the US and which has pervaded the world’s financial press, tending to praise American labour force ‘flexibility’ and tending to unfairly condemn, by contrast, Europe’s labour force as ‘sclerotic’. Hutton mobilises counter evidence that Europe in fact works better and fairer than America. It is well known that the official US unemployment rate understates the actual extent of the social problem due to the very high numbers of imprisoned men in that country. It has been estimated that “a further 2 per cent could be added to the [US] official unemployment rate if the large numbers of incarcerated males in that country are counted…[in which case] US unemployment would look very similar to many other countries”. Hutton supplements this with the revelation that “the non-employment rate for men aged between twenty-five and
fifty-four over the period 1988-95 was 11.9 in the US (excluding the very high US incarceration rate in prison)...[whereas it] averaged 11.7 per cent in Germany, Italy and France”. Drawing on the work of Fritz Scharpf, Hutton further writes that: “the Nordic countries have achieved high employment with high social spending and generous levels of income support for the unemployed”, and that “the size of a welfare state and generosity of unemployment benefit have no impact at all on employment”. A separate study by Goodin et al has produced clear evidence to the effect that social democratic welfare states from the mid 1980s to the mid 1990s demonstrated superior records to liberal regimes not just in social policy but also in economic policy outcomes. Hutton highlights the continuing success of tyre-maker Michelin despite “the allegedly crippling confines of the 35 hour week recently introduced in France”. Against the much-hyped US leadership of the so-called ‘New Economy’ he points to the more substantial industrial success of Finland’s Nokia, the world’s leading mobile phone company. The ALP policy document in the last federal election, An Agenda For The Knowledge Nation, also rightly highlighted the success of Finland’s Nokia, along with famous Swedish brands such as Volvo and Saab. However, a difference between Hutton and Australian Labor politicians in 2001 is that Hutton openly acknowledges the fact that Nokia actually prospered in a high taxing, strongly unionised, comprehensive welfare state.

In the 1990s, writes Hutton, the comparatively “slow overall growth in European employment [occurred] in the backwash of German reunification and European preparation for monetary union”. European unemployment’s “chief cause lies in lack of demand in Europe – demand which remains depressed in part because until the single currency is bedded down the EU cannot have the same indifference to the consequence of stimulating demand as America, and in part because such stimulation has been ruled out by the necessary rigours of forming a single currency”, he argues. By comparing educational outcomes more broadly than just universities Hutton also highlights that “in Germany, for example, 80 per cent of school-leavers go on to receive either vocational training or a degree, and all except 1
per cent receive formal post-secondary education or training, [whereas] in the US 46 per cent of school-leavers gain no certificate or degree...and an extraordinary 31 per cent receive no formal training or education after school”.38 “German workers have high levels of education and training...and the training system is integrated into the educational system, so that students move seamlessly from schools into training colleges or company based apprenticeship systems. Sixty per cent of German teenagers are engaged in some form of vocational training, which carries little of the social stigma it still bears in Britain, where it is seen as a second-class option for those unable to pursue formal academic qualifications”.

Hutton is keen to realise “the real political possibilities of...[the] Europe-wide institutions and processes, and the purposes to which they are put”.40 He considers that “It is perfectly possible to design a more politically accountable system of European governance in the here and now, building on what we have, but respecting the principle that as far as possible government authorities should be close to the people in the member states”.41 He recognises the patchy history and contested versions of the European project but argues that a European approach is now essential for social democratic values to succeed. Until Jacques Delors in the late 1980s, “the European enterprise was becoming ever more [just] an exercise in extending free market principles”. However with the ’social charter’ in 1989 and following the Maastricht treaty of the early 1990s, “Delors’ achievement, in short, was to begin to give a distinctive European face to Europe’s capitalism”. The difficult question now, after Delors, is “how is European capitalism to retain its character before the march of the market that the EU itself is [now] dedicated to further?”, Hutton asks.42 “European leaders ...feel they need Europe to be more like America, accepting the tidal wave of propaganda from the US that the European way is at heart wrong, and that what Europe must do is be Americanised”.43 At the same time there is “a growing distrust of the European project among individual European electorates as they see Europe knocking down structures that have served them well while offering little or nothing to put in their place”.44 There is also a “growing belief
among the peoples of Europe that the EU is increasingly a creation of its political and business elites around their own agenda”. 45  Hutton is concerned that “the single currency and the single market, if they are not organised as an economic and social space around European values, uniquely expose European capitalism to its de facto Americanisation”. 46  “Some of the disaffection among Europe’s electorates is plainly rooted in the knowledge that voices within national communities increasingly count for less and that there is no vehicle for them to count for more – and so they take revenge on what is to hand [including refugees]. Paradoxically, the object of their ire is the European Union even though European institutions, correctly conceived, are among the remedies”, in his eyes. 47

For Europe to succeed, Hutton acknowledges that “the decision-making process must become more accountable”. 48  Hutton’s proposals include for the EU “to establish minimum rates of corporate taxation that prevent companies from playing one country off against another…This would underpin the tax and social insurance base that supports welfare, education and health expenditure throughout Europe – and stop the drift away from taxing capital towards taxing labour…By providing them with the wherewithal in underwritten minimum tax rates (there should be no constraint on high tax rates) and thus a secured tax base, along with commonly agreed outcomes, collective action at the European level can empower member states to offer their citizens a better social deal…there is already evidence that competitiveness increases with a rising tax burden – up to certain reasonable limits. The EU will allow states to exercise this choice, rather than condemning them…to join in a race to the bottom”. 49

The debut of the “euro” on world currency markets was anticipated as the beginning of a renaissance of a more unified Europe as a counterweight to US financial domination. Hutton lends support and credence to this prospect. “The euro…gives Europe a world currency – the only conceivable challenger to the dollar, with all that implies, including the option of running its economy on more expansionary lines”. 50
and of reforming financial institutions such as the IMF so that they play a much more socialy acceptable role in the world. Since Hutton’s book was written the positioning of major European nations against the United States of America over the issue of war on Iraq has further highlighted trans-Atlantic differences. Europe in some important ways is emerging as a social democratic alternative to US neo-liberalism.

How does all this relate to Australia? Australia of course cannot readily become part of a major geographical bloc built on high skills, equitable economic prosperity and substantial welfare state provision as Britain might by fully embracing Europe. The best Australia could manage along these lines would probably be an amalgamation with New Zealand including a single currency (called the “ANZAC”). However this would not have much effect on the world balance of power. Nevertheless, the strong and convincing contestation of the idea that globalisation has cut off political options and made the European welfare state unaffordable51 is very relevant to the opening up of Australia’s economic and social policy options now. The sceptical view of “globalisation” and how it impacts and does not impact on the possibilities of social democratic parties attaining their policy objectives, if disseminated now, would generate a greater sense that there are in fact some substantial policy options available to the Australian Labor Party. The successful experience of some small individual nations within Europe, such as Denmark, in successfully adapting their advanced economic and social models in the 1990s suggests that it is possible for Australia now to go in similar policy directions. Australia does have some traditions of equality and fairness – including, historically expressed in, and partly because of, its strong Labor Party - which most voters wish to preserve against further Americanisation.

Australia and Britain sit between the US and the nations of northern Europe, though closer to the US, on most comparative social measures. The most recent available
data on inequality in disposable money income\textsuperscript{52} within nations, which now covers the 1990s, is indicative:

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<th>OECD Country</th>
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<td>Sweden</td>
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<td>Finland</td>
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<td>Norway</td>
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<td>Denmark</td>
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<td>Netherlands</td>
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<td>Germany</td>
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</table>

In other words, the typical high income earner in Sweden gets about two and a half times what the typical low income earner gets; in Australia, the typical high income earner gets a bit under - and in Britain a bit over - four and a half times what the typical low income earner gets; while in the United States the typical high income earner gets more than five a half times what the typical low income earner gets. As the compiler of this data, from the Luxembourg Income Study, Professor Timothy Smeeding writes, what it shows is that:

*The Decile Ratio is the ratio of the income of the person at the 90th (top) percentile to the person at the 10th (bottom) percentile of disposable money income

\textit{the range of inequality and of social distance between rich and poor in the rich and medium-income nations of the world is rather large in the mid-1990s...[this I think is}
an understatement given the real differences in the quality of lives for millions of people that these figures actually express]

[and therefore that] globalization does not force any single outcome on one country...

[Instead,] labour market institutions, welfare policies, etc. – can act as a powerful countervailing force to market driven inequality. Even [in] a globalized world, the overall distribution of income in a country remains very much a consequence of the domestic political, institutional and economic choices made by those individual countries.53

This confirms the picture from the extensive empirical study undertaken by Francis Castles in his Comparative Public Policy: Patterns of Post-war Transformation54 of just how widely, and why, the trajectory of policy transformation has varied from country to country including into the 1990s; and how much politics still matters in shaping economic and social policy outcomes within nations.

Other social indicators also show significant contrast between the US on the one hand, and Australia, Britain and the rest of Europe on the other. The United States is an unusually violent society. The murder rate in the US is more than triple that of Australia and more than triple that of the EU member states average.55 The latest United Nations research ranks Norway number 1 and Sweden number 2 in the world in human development.56 Australia as a society could realistically aspire to reach these levels. The ALP could formulate policies which might make this achievable and such policies are likely to be popular with the Australian people.

Recent policy announcements by the Australian Labor Party to defend the universal health program of Medicare first introduced under Whitlam and consolidated under Labor Governments in the 1980s have explicitly been expressed as opposition to an American-style situation of mass public exposure to a lack of adequate basic health care. Australian Labor under Crean has released new policies on education, and has indicated that it is about to release further policies on paid maternity leave, as part of a continuing move away from the Beazley era of being a small policy target. These
new policies are more likely to make an impact if they express clear philosophical support for the principle of increased public investment in both university education and post-school vocational training; and for the principle of a re-regulated labour market in order to attain equitable social policy outcomes. The policies are also much more likely to be credible if the ALP overcomes its reluctance to acknowledge that substantial innovative taxation, as well as expenditure, changes are now needed if Australia is to actually acquire the resources to adequately lift its public investment in education, training, job creation and regulation, and progressive social welfare initiatives.

There remain obvious obstacles to simply transplanting overseas models or even parts of them to Australia, including for instance the fact that the Nordic nations are relatively small and monocultural. As part of any analysis of prospects for policy transfer from northern European nations to Australia now there would need to be a systematic collation of comparative information on the social characteristics of the respective nations, and realistic appraisal of their political contexts including the varying configurations represented in their political parties and the political effect of differences in electoral systems, such as proportional representation.

The point however is that it is now particularly timely, and it can only be beneficial, for the ALP to re-establish a truly international - instead of its recent very limited and distorted overseas (i.e. Clinton American and Blair British) - perspective on the political and policy options open to it. Regaining a true international perspective, informed by a broad comparative politics, involves recognising what kind of society Australia actually is compared with others and what kind of society it might or might not (want to) become. It also involves acknowledging where the ALP actually belongs in the world families of political parties. An opening up of Australian Labor’s horizons now to the real possibilities which lie amid the currents of contemporary European social democracy is likely to improve the ALP’s prospects for credible policy development and political renewal.
References


Ian Holland and Sarah Miskin, *Interpreting Election Results in Western Democracies*, Current Issues Brief no.2 2002-03, Department of the Parliamentary Library, Canberra, August 2002.


2 This summation of recent international electoral trends is derived from numerous newspaper reports and from data in Ian Holland and Sarah Miskin, Interpreting Election Results in Western Democracies, Current Issues Brief no.2 2002-03, Department of the Parliamentary Library, Canberra, August 2002.


5 Anthony Giddens has been the chief proponent of the concept in a series of texts commencing with his The Third Way: The Renewal of Social Democracy, Polity Press, Cambridge, 1998.


8 ibid.

9 http://www.socialistinternational.org/5Congress/XXISICONGRESS/DeclParis-e.html


14 ibid., p 391.

15 ibid., p 427.

16 Eley, Forging Democracy, p 451; emphasis added.


23 This point was explicitly made by Hawke Government Senator Gareth Evans in defence of the Government’s economic policies in a heated debate at the Victorian ALP State Conference on 26 October, 1986.

24 Hutton, p 377; see also pp 388, 410.

25 ibid., pp 324-325.

26 Hutton, p 213.


29 ibid., p 318.


31 Hutton, p 302.

32 ibid., pp 176-186.

33 ibid., pp 303-4.


35 Hutton, pp 303-4.

36 ibid., p 343

37 ibid., p 448.
38 ibid., p 193.
39 ibid., p 328.
40 ibid., p 361.
41 ibid., p 363
42 ibid., p 380.
43 ibid., p 381.
44 ibid., p 382.
45 ibid., p 384.
46 ibid., p 387.
47 ibid., p 389.
48 ibid., p 391.
49 ibid., p 402.
50 ibid., pp 456-7.
51 And this is the conclusion reached, from a very cautious review of the key literature, by Pierson in his *Hard Choices: Social Democracy in the 21st Century*, pp 86-89.
52 The data are extracted (choosing only the OECD nations for which data from the 1990s are available) from Figure 1 of Timothy M. Smeeding, *Globalization, Inequality and the Rich Countries of the G-20: Evidence from the Luxembourg Income Study (LIS)*, Discussion Paper No. 122, Social Policy Research Centre, University of New South Wales, Sydney, 2002.
53 Smeeding, pp 10-11, 3, 29.