THE ROAD to Damascus

Paul Keating's first months in office will make or break his prime ministership. Here Rodney Cavalier looks at his extraordinary evolution from rightwing headkicker to national crisis figure. And on the following pages Alex Millmow and David Burchell assess his prospects in the struggle ahead.

Paul Keating took over the Treasury in 1983 only two months after he had started shadowing that portfolio. It was an appointment that he had resisted for much of the latter part of Bill Hayden's leadership. The reason was that Keating felt unqualified technically; he had spent a long time mastering his preferred area of minerals and energy in preparation for converting that portfolio in government into a powerhouse for creating wealth and reshaping the assumptions of the Labor movement.

Keating's reluctance to enter unknown territory reflected too his certain apprehension that Treasury, more than any other area of government, demanded a mastery of the exclusionary vernacular of its courtiers and its attendant army of finance writers. He was fearful that premature exposure of his lack of formal qualification could have been fatal to his cherished ambition to be a Labor prime minister.

The exposure did not occur. Malcolm Fraser plunged Australia into an early election, a decision that coincided exactly with the decision of Labor's leadership conclave to replace Hayden with Bob Hawke. In the 1983 election Keating was a minor participant: he had fired a shot at Howard for behaving as a spectator in the nation's economy; he cast doubt on the efficacy of wages and prices Accord—footnotes, really, in the wider campaign, oddities in the light of his subsequent performance. When Keating entered Treasury he was, like all his colleagues, new to his portfolio. Requiring time to master the brief was a courtesy granted to all as they took over the nation's government. No one used that interlude more studiously than Keating.
He will not receive the same period of grace as Prime Minister. Inheriting an ailing government in its ninth year is quite another matter to taking over a new portfolio in a new government. The leader of a nation does not have a special constituency; there is no special language to learn to speak. Already Keating has discovered, like every new prime minister, that no apprenticeship is ever quite adequate for the nation's leadership. At the dinner for President Bush, the self-confident Keating was absent; he stumbled over his words, embarrassing his audience in a fashion not known since the halcyon days of John Gorton. After craving the job all his political life, its dimensions are causing even Keating to pause. That is as it should be. An early humbling will serve him well. If Keating is stiff now, unconfident, obviously struggling to come to terms with his responsibilities, a better leader will emerge from the learning process.

He has, after all, done it several times before. In Treasury, and at every stage of his career, Keating has revealed a capacity to remake himself. This is not a charge of superficiality—quite the opposite. The stereotypical NSW Catholic rightwinger who entered the House in 1969 was destined for a lifetime on the backbench. He began to shed that persona when he tackled new ideas, read seriously and systematically, mixed with people outside the narrow culture of his Sydney suburban background. It was his quality of mind that began his advance in Caucus ballots, not numbers-crunching. Once he appreciated the power of ideas, he was able to augment the considerable force of his personality to become a debater of the first rank.

The position of prime minister is about more than making speeches in parliament. It is in parliament, nonetheless, that prime ministers affirm their authority. They do that by making speeches.

By the time parliament resumes in late February, an emboldened Opposition will test Keating thoroughly. The repartee, however glorious, will be mere embroidery to the task of convincing the nation that the government knows the way out of the current difficulties. The downfall of Hawke came on the last day of the 1991 sittings; its effect on the general mood of the theatre is yet to be gauged. It is as certain as anything can be in politics that the verbal demolition of the Opposition will count for nought in the post-Hawke era.

No one understands the importance of the elusive qualities of mood like Keating. Only one Labor MP has longer service in the parliament than he. That long service remains the best preparation that there is—it includes a longish apprenticeship on the backbench, the disciplines afforded by a sustained spell in Opposition, a precious opportunity in his active years to make a creative contribution to the nation’s governance.

Keating entered parliament when Gough Whitlam was Leader of the Opposition. He saw Whitlam at his best and worst for eight years. Keating's first term, 1969-72, coincided with Whitlam's finest as the great man hounded and destroyed two Liberal prime ministers. Whitlam had learned from the latterday Menzies, who had himself...
learned from the first generation after the Federation Fathers, that every speech a person makes on the floor of parliament is important. Like the set-piece addresses of Whitlam and Menzies, Keating has invested his speeches with something distinctive, something memorable. Condolences upon the death of a former MP, for example, are an occasion when all the members of the House are present. Amid the blather of obvious sentiments a thoughtful speech will command the attention of the entire parliamentary subculture. The generous and self-revealing speech that Keating delivered in 1979 in memory of Frank Stewart, a Whitlam Minister, hinted at the sort of person that Keating himself hoped he might be.

The Hawke government built its early reputation by elaborating its difference from Whitlamism. Keating went in a different direction altogether. He was promulgating a new orthodoxy. Labor governments had stood always for the legitimate intrusion of government in the market place—as a regulator, as a competitor, as a provider of services. The first federal Labor governments were building on their colonial and British heritages when they established a Commonwealth Bank and legislated wherever possible to control commercial practices. The adolescent Keating had imbibed the villainy of the Money Power from no less an authority than Jack Lang. In his first terms in parliament, Keating had subscribed unqualifiedly to the passion of Rex Connor for Australia to become the owner of its own mineral resources. Before 1983 had ended, however, federal Labor had exposed Australia’s currency to the exchange markets and was opening Australia to foreign banks.

Keating’s eight years as Treasurer demolished everything that his two mentors stood for. Ahead lies the greatest challenge of all. Keating must now set about demolishing central tenets of his own recent faith. The government has to cease being a spectator in the nation’s economy. From its colonial beginnings, Australian governments of all persuasions have recognised the need for the government to provide basic services, services which otherwise would not exist. In Australia, unlike the models much favoured by the graduates of the Harvard Business School, governments have provided water, power, mass transit, hospitals, universities.

Without governmental regulation, raw sewage would flow in the streets, and combating disease would be a private contract between doctor and patient. Labor governments and the occasional small-'I' liberal administrations used to recognise that taxation could be an instrument for amelioration and the redistribution of opportunity.

Nowadays, Keynesianism has become almost a matter of mockery. Coinciding with the collapse of communism and the USSR, attesting to a faith in public enterprise seemed more quaint than subversive. Economic management has become a substitute for politics; it has become an article of faith in its own right, echoing the marxists’ argument of last resort that the future was going to be a better place.

Being economically responsible has tended to mean that low-income earners and welfare recipients would have a reduced standard of living during the transition to an enterprise culture. Those most hurt—only in the short term, of course—were the income and social groups most likely to vote Labor. The applause of the finance writers and editorialists of the metropolitan dailies did not translate into votes. Not since the emergence of the two-party system in 1910 has Labor’s primary vote sunk to present levels.

The streetscapes of our cities and suburbs are a testament to the absence of appropriate planning. Permitting prices to rule on property use has banished human activity from the centres of our cities. Speculative capital has made possible aggregations of sites in the central business districts. At street-level, bookshops, restaurants and department stores have given way to financial institutions, concrete concourses, driveways and wind tunnels. A tax cut means less than nothing when its price is the elimination or drastic reduction in services that came free or subsidised. Keating’s instincts on all these issues are sound. He has an appreciation of beauty, an abhorrence of the untidy. Two ministers well placed to effect reform are John Dawkins and Brian Howe. Neither have any faith in the capacity of the unfettered market to find solutions that will benefit the Australian people. Given that Keating reasserted his leadership claims by affirming his commitment to Commonwealth government supremacy, a traditional Labor view, tied grants and infrastructure spending enable a federal labor Cabinet to direct an economic recovery through funding cherished projects. They should not pause for a moment at the accusation that they are being ‘irresponsible’.

Everything about Keating’s past performance gives confidence that he will master the public aspects of the prime ministership with consummate ease. Managing the ALP and the federal Caucus will be another matter altogether. Keating will, sensibly, stand apart from the death of the ALP as we know it. As the icons have fallen, so have the reasons for belonging to the Labor Party. It was the most deadly kind of disillusioning. Many of the best gave the Labor Party away. Rather than resign, they failed to renew their tickets. Across Australia, the vast majority of ALP branches could not pass the breath-on-the-mirror test. Activism has come down to a dedicated few—fewer than 2000 in the whole country—who will keep the party functioning between elections. This will matter no more in the future than it has in the recent past; the notion of standing party organisations outside parliament is less than 150 years old, the notion of party membership is only as old as the ALP.

The downfall of Hawke has not resulted in punishment of his supporters or rewards for the key plotters against the former PM. On this question the immediate future of the Keating government depends. Keating exploited with some brilliance the disappointed and the disaffected but he understands, too, that several of his fairweather friends used to chase cheers by attacking his policies. He has been playing some of these people off the breaks for three
decades. It will be interesting to observe the manner in which he disappoints them now.

Having, for the first time in its history, brought down a Labor leader—the one who has been its most successful electorally—the ALP has sacrificed more than an individual by subscribing to the ethos of leadership pre-eminence, itself a direct consequence of the overriding importance of winning elections. The morale of the parliamentary party is going to depend absolutely on continuing evidence it is blessed with a potential election winner.

For the ALP there is the additional factor of factions with pretensions to sovereignty over their own adherents. The leadership ethos presumes that the leader must prevail; the faction system presumes that the factions decide on policy stances and anoint candidates for the ministry and other positions. Hawke encountered formidable obstacles in his efforts to place favoured sons and daughters in the ministry—and he was operating in the aftermath of election victories. Something will have to give. It will be the faction system as we know it. Individuals will realign themselves; the factions will redefine their postures. The Left will surely drop the fiction that its members possess sufficient in common to remain together. The hatred between the two tendencies of the Left will force the creation of two separate Left factions.

As always, the consequences of a future Coalition victory at the polls will be the single greatest reason for unity. Customary as it is to claim that the next election is critical to the future of Australia, next time it will actually be true. The policy details of the Opposition's 'Fightback!' package provide Australia with perhaps the clearest ideological divide between the parties since 1949. Indeed, given the reception to that package as at least providing "an alternative vision", one wonders how Labor might have fared if it had dared to argue for interventionist politics and the social rights of the community.

Defeat for Labor will empower the conservatives to strike at the capacity of the ALP to remain electorally competitive. Presuming the conservatives can get their legislation through the Senate, they can repeal prohibitions on broadcasting political advertisements at the same time as they repeal provisions for public funding of political parties and introduce mandatory plebiscites for both union affiliation to the ALP and to ban union donations to party funds. Only then will the parliamentary leaderships of the ALP appreciate the significance of the passing of the party membership.

RODNEY CAVALIER was a senior minister in the Wran and Unsworth NSW Labor governments.

Labor's Last Best Hope

David Burchell looks at the Paul Keating's chances of turning Labor's fortunes around.

For federal Labor these are desperate days. The Opposition has staked its claim for government with an audacious social and economic package which late last year laid embarrassingly bare the policy paralysis of the dying days of the Hawke Government. The recession is now palpably much deeper and more disastrous than anyone in Federal Cabinet had anticipated when they made the fateful decision to staunch the import haemorrhage with high interest rates. The external constraint and the fragile dollar combine to severely curtail the government's room to move. Yet the ever-rapacious media commentators and, indeed, the public at large are expecting both a clear and coherent 'answer' to the recession and a bold response to 'Fightback!' from the economic statement scheduled for later this month. How can the government possibly deliver what is expected of it?