Fightback II

is not just
about
sprucing up
the Coalition’s
existing
policies for a
sceptical
electorate.
Rather, says
Ian Cook, it
implies a
fundamental
shift in
attitude
towards the
role of
government.

As the parties approach a fateful federal election, it is becoming clear that the political landscape over which the campaign is being fought has been transformed during the past twelve months. First Labor under Paul Keating redefined itself closer to its traditional image as the party of caring and collective sacrifice. Then in December the Coalition and John Hewson conducted an improbable about-face, abandoning most of the ideological substance of Fightback! in a revamped Fightback II.

The release of Fightback II was a clear indication that Fightback I had failed. But the extent of that failure was much greater than any commentators seem to have recognised. A close look at both documents leads to the conclusion that the Coalition had to reverse its policy direction in Fightback II.

The first version of Fightback! did not provide the basis from which the leadership of the Coalition felt they could win an election. So out went the baby and the bathwater.

Fightback I failed in two ways. It failed as an ideological intervention and it failed as a public relations exercise. The first thing one notices about Fightback II is that no mention is made of the ‘generational change’ theme that pervades Fightback I and was heavily emphasised in John Hewson’s speech to launch the package.

Fightback I was released because the ideologues of the Coalition—at almost all of them in the Liberal Party—believed that Australian voters needed to be prepared for the changes that the Coalition would introduce when in government.

“To ‘surprise’ the Australian people with our policies after the next election would not only be dishonest”, they wrote, “but it would also jeopardise public acceptance of the changes that Australia desperately needs.”

Fightback II makes no mention of a change to the way Australians think about politics. The idea that “there needs to be a generational change in the direction of public policy, in the role that governments play in people’s lives and in community attitudes” has been dropped. That ideological battle was lost, and the Coalition has stopped asking for a fundamental change of ideas on the part of the Australian people. The fundamental change required now appears to be on the part of the Coalition (whether appearances still count for John Hewson et al is another issue).

This is particularly evident in the revised conception of the role of government in Fightback II. In Fightback I government was, by definition, bad. The more it did the worse things got. Government had “robbed people of the freedom they need to build the kind of country they want”. It had got on Australians’ backs and had been the impetus in Australia’s increasing failure to perform. Its provision of welfare had undermined self-reliance. And, most of all, it had encouraged the development of a “culture of dependence”: government had left Australia in the position where “76% of Australians would work harder for the same pay and conditions if only the government would give them the opportunity.

The answer was to redefine the role of government. This redefinition was in two parts. First, the role would be smaller; second, that role would be different. On the first point, Fightback I made the following claims: “The current size of government imposes a heavy burden on, and costly intervention in, the lives of individuals, families and businesses. The size and cost of government are excessive. Both will be reduced. The worst recession in 60 years, fiscal restraint is made even more imperative and, in combination with a major overhaul of revenue and expenditure
priorities, every area of government outlays will be scrutinised."

But the problem with government was not merely that it was too big. It was also the wrong mechanism to achieve a better society. The commitment in *Fightback I* to a significantly reduced role for government was also a result of a demonstrated incapacity on the part of government to 'deliver the goods'. As *Fightback I* put it:

Our own history testifies, and the collapse of socialism everywhere confirms, that economic growth based on individual private enterprise is the best way to generate a dynamic economy, to maximise freedom and to enable society to care properly for those in real need. Private enterprise is a means to an end and not an end in itself. It is the means to achieving a fairer and more genuinely compassionate society.

The conclusion reached in *Fightback I* was that "essentially, the role of government must be to provide a framework of policy and law within which people can plan in confidence". *Fightback II* implicitly rejected this idea. In *Fightback II* government is a recession-buster and not a recession-inducer. Private enterprise can't, by itself, correct the Australian situation and provide for those hurt by the recession, as it could in *Fightback I*. Government, therefore, must provide "immediate relief from the pain of the recession".

But that's not all. In *Fightback II* the Coalition "also recognises the urgency with which the community is demanding government action to address the unemployment crisis and to provide relief from the immediate pain and hardship of the recession". In *Fightback II* government becomes the provider of a fiscal stimulus to a private enterprise that no longer appears to be able to do the job. While the $2 billion investment allow-

ance and the bringing forward of $2.8 billion worth of tax, pension and family benefits are interesting fiscal measures, the $3 billion nation building fund is even more so. In *Fightback I* government was a nation-destroyer; in *Fightback II* it is a nation-builder.

The idea that government must provide a 'kick start' to the economy just doesn't fit in with the images of government that pervaded *Fightback I*. When the authors of *Fightback II* wrote of the necessity for government action and the need to provide relief they were conforming to a fairly standard attitude to the role of government. So much, it seems, for the generational change in attitudes of *Fightback I*.

*Fightback II* does pay lip-service to the notion of "government inefficiency" but it does so only once. Rather than being dissuaded from government intervention in the economy, the Coalition's Rebuild Australia Fund, we are told, is designed to enable large infrastructure projects of national economic merit, that would not be undertaken by the private sector in current circumstances, to go ahead quickly. The Rebuild Australia Fund will be used to fund major infrastructure projects such as educational centres, road building, airport upgrading, port development and water storage and reticulation.

While some of these projects "would be operated, on contract, by the private sector...[and] some of these projects could be privatised eventually" they remain government initiatives. The task of the ideological redirection of Australia has been abandoned. In *Fightback II* Australians are no longer asked to view the government as a threat to their individual initiative and freedom.
They are also asked to change their minds about the Coalition. *Fightback I* was not only an ideological failure, it was also a public relations failure. *Fightback II* was necessary to recast the Coalition in the minds of Australian voters. The representation of the Coalition in *Fightback II* has two main features: the Coalition is represented as a party of sensitivity and compassion; the Coalition is presented as a party that is committed to fairness. *Fightback I* does refer to fairness—but primarily fairness in terms of the equal application of laws and the provision of equality of opportunity. The 'fairness' of *Fightback II*, however, is fairness with respect to an already unequal society. The acceptance of the existence of social inequality seems to be behind the many references to 'compensation' in *Fightback II*.

*Fightback I* did mention the need to provide compensation for particular groups who would be affected by the implementation of its provisions. This is it:

> while there are significant cuts to some social security outlays, the Coalition has sought to target assistance to the genuinely needy. The best example of this is that we have deliberately and significantly over compensated the aged, invalid, wives, widows, war widows, sole parents, service, disability and carers pensions.

The compensation in *Fightback II* is more extensive than this and represents "a major redistribution of income from those on high incomes to those on low incomes". For example, a $2.2 billion reduction in tax cuts "is paid for solely by higher income earners". This is not fairness seen as equality of opportunity and equal application of the law. This is fairness seen as redistribution. Even though the effects of the latter may be superficial, the intention of *Fightback II* is different.

While it would be too much to expect a full awareness of structural inequality in *Fightback II*, the change from *Fightback I* is clear. In *Fightback II* a sense of the different impact of Coalition policy on different segments of society is much more evident. The decision to exclude basic food from the GST was clearly a response to claims that the GST would fall most heavily on low income earners, a complaint which had been off-repeated when a GST or VAT was first debated but which was ignored or denied in *Fightback I*. *Fightback II* also contains a number of measures designed to "significantly enhance the fairness of the package and offer some further assistance to ameliorate the effects of a recession that has proved worse than expected".

An even clearer indication of the need to recast the Coalition in *Fightback II* is the prevalence of 'sensitivity' in its political vocabulary. *Fightback I* was obviously not perceived by enough people (if anybody) to be sensitive. Thus we are told that "the next Coalition government wants to be sensitive to the impact of (its) reforms on the community and to ensure that the benefits of (its) reforms are shared fairly". A Prime Minister's Community Panel will be created to ensure this sensitivity.

The role of this panel will be to give the Prime Minister advice directly, in meetings, every few months, on the economic and social conditions which are affecting people, particularly families and the lower paid. It will monitor the implementation of our reform package and its fairness to Australians. The advice of this panel will help to ensure that the Prime Minister is kept in touch with the views, feelings and hopes of the Australian people.

An Office of the Family will also be created in the Department of Prime Minister and Family to allow the Prime Minister and his Community Panel "to monitor the impact of *Fightback I* on Australian families".

*Fightback II* makes it pretty clear that the Coalition's pollsters had told its leadership that the poor reception of *Fightback I* was a result of a widespread perception that the policy package was unfair and insensitive. To make the Coalition appear fair and sensitive has required an ideological backflip on its part. That backflip was necessitated by the failure of the Coalition to win the ideological battle and bring enough Australians to revise their ideas about politics. As a result the Coalition has had to present what appears to be a fundamentally new policy program.

This new program involves a role for government unimaginable within the framework of *Fightback I*. It also suggests some recognition of the existence of structural inequality.

Fairness has had to be redefined from equality of opportunity and equal application of laws to equality of impact on socially unequal groups, and sensitivity has had to be produced where none was detected before. This could be a return to the sort of liberalm we had always had in Australia prior to the reborn Right of the 80s. It is certainly an acceptance on the part of the Coalition that it has not won, and cannot win, the ideological battle before the election.

*Fightback I* failed. A battle has been lost, but Hewson and the Coalition would be unlikely to concede that war is over; would anybody believe them if they did? The test now is whether Labor will be able to up the ante on the Coalition's revamped social liberalism. It can no longer portray the Coalition as dry ideologues; can it instead successfully portray them as half-hearted converts back to a creed to which Labor has always 'naturally' adhered?

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