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Funding the ideological struggle

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Abstract
Over the past twenty-five years a radical neo-liberal movement, more commonly known as the 'new right', has launched a sustained assault upon the welfare state, social justice and defenders of these institutions and ideas. In Australia, the organisational backbone of this movement is provided by think tanks such as the Institute of Public Affairs (IPA), the Centre for Independent Studies (CIS), and the Tasman Institute; and forums such as the H.R. Nicholls Society. Central to the movement's efficacy and longevity has been financial support from Australia's corporate sector and industry interest groups. Activists and scholars have produced many articles and books discussing radical neo-liberalism, but the movement has yet to be comprehensively analysed. This article is a contribution towards such a project. What follows is an examination of the relationship between the radical neo-liberal movement and Australia's ruling class; a study of the motivations for corporate funding of neo-liberal think tanks; and an analysis of what impact the movement has had on policy and public opinion.

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Over the past twenty-five years a radical neo-liberal movement, more commonly known as the 'new right', has launched a sustained assault upon the welfare state, social justice and defenders of these institutions and ideas. In Australia, the organisational backbone of this movement is provided by think tanks such as the Institute of Public Affairs (IPA), the Centre for Independent Studies (CIS), and the Tasman Institute; and forums such as the H.R. Nicholls Society. Central to the movement's efficacy and longevity has been financial support from Australia's corporate sector and industry interest groups.

Activists and scholars have produced many articles and books discussing radical neo-liberalism, but the movement has yet to be comprehensively analysed. This article is a contribution towards such a project. What follows is an examination of the relationship between the radical neo-liberal movement and Australia's ruling class; a study of the motivations for corporate funding of neo-liberal think tanks; and an analysis of what impact the movement has had on policy and public opinion.

The radical neo-liberal movement's emergence from relative obscurity in the late seventies and early eighties to its current status can be attributed to two factors. The first is Australia's political economic context, and the second is backing from the corporate sector. Economic stagnation during the 1970s provided a window of opportunity for the radical neo-liberals, and during this time, a section of corporate Australia recognised the benefits of putting money into neo-liberal think tanks and projects.

Neo-liberalism has never been a popular movement. Without corporate support it is unlikely to have emerged as a potent force. Nor could its promoters have sustained their activities. In 1996, for example, the CIS derived about $772,077 of its $971,182 budget from corporate 'donations'. Only $113,085 (about 14 per cent) of its income was derived from book sales and subscriptions. Had the CIS relied upon market forces to fund its activities, it would not have been viable.

In their early stages of development, the most prominent support for think tanks came from individual corporate CEOs, with mining and minerals companies standing out as major 'donors'. In the late seventies and early eighties Western Mining Corporation (WMC) chief Hugh Morgan served on the boards of most major think tanks and was crucial in brokering financial support for the movement. WMC, CRA, BHP and Shell were crucial in providing the early financial base for the CIS.

By the 1980s, farming interests, represented by the National Farmers Federation (NFF), and small business associations such as the Australian Chamber of Commerce (ACC) and the Australian Federation of Employers (AFE) threw their support behind the radical neo-liberals, and by the 1990s, finance capital was the backbone of neo-liberal think tanks (although mining and minerals companies were still well represented).

Sections of corporate Australia provide funds to think tanks primarily because they see their interests served by the promotion of radical neo-liberal ideas; even if not directly. Indirect benefits may follow through the promotion of a deregulated environment or anti-union policies, or through influence of social and market behaviour. 'Family restaurant' McDonald's, for example, funds the CIS 'Taking Children Seriously' Program which has helped put conservative notions of family back on the media map. Mining companies and agribusiness, in response to powerful, militant and well-organised unions, have supported think tanks promoting militant anti-union activities. Mining corporations view
environmental and land rights movements as direct threats; consequently, think tanks have consistently attacked and undermined these (one, the Bernelong Society, was formed expressly to challenge Aboriginal self-determination, the Stolen Generations, and the idea of "white guilt").

Financial capital organisations are among the coalition of interests which have turned to neo-liberalism as an alternative to the Keynesian welfare state. Seeing the potential of massively increased profits in a deregulated environment, they have backed neo-liberal arguments. Other think-tank backers, such as retail and tobacco corporations, also have a vested interest in deregulation.

During the 1980s there were conflicts within the ruling class itself over issues of industrial relations and tariffs. These conflicts were often bitter. The manufacturing sector, represented by the Confederation of Australian Industry (CAI), tended to support the centralised system of industrial relations as well as tariff protections. They were able to enter into mutually beneficial and industry-wide agreements with unions, which conditioned their approach to unions and the arbitration commission. On the other hand, small businesses, represented by the ACC, were less favourably disposed towards the arbitration system. The NFF also took a strong anti-union and pro-free-trade stance during this period.

These tensions led to the NFF splitting from the CAI. They also led to the establishment in 1986 of the AFE, which was designed to act as an alternative employers' association, and which pushed market-based alternatives to government regulation of industry and labour.

One of the defining features of the radical neo-liberal movement, and indeed the issue which catapulted the movement to national media attention, was its opposition to centralised industrial arbitration and wage fixing. The term 'Industrial Relations Club' was coined by think tanks to describe the trade unions, lawyers, journalists and employer associations (particularly the CAI and the Metal Trades Industry Association [MTIA]). This 'club' was, in the eyes of neo-liberals, the chief obstacle to industrial relations change. Consequently, neo-liberals called for its abolition. It also called for a curbing of trade union power through the extension of legal sanctions against strike action.

The neo-liberal assault upon the 'Industrial Relations Club' provoked mixed responses from businesses and employer associations. But the depth of hostility of many within the manufacturing sectors can be gauged by their use of such terms as 'fascist' and 'escapist' to describe the radical neo-liberals in 1986. Clearly, support among the ruling class for the radical neo-liberals was by no means uniform.

During the mid-1980s a number of militant and confrontationalist tactics were used by employers against employees, such as in the Dollar Sweets, Mudginberri and SEQEB disputes. In these cases, employers found allies in the radical neo-liberal movement, who defended their actions in terms of individual liberty. In the Dollar Sweets case, then-lawyer Peter Costello used the common law to prosecute the union.

The formation of the H.R. Nicholls Society in 1986 gave militant employers a forum for meeting with like-minded parties. Former Peko-Wallsend head, Charles Copeman, attested to the forum's efficacy, stating that it provided him with the 'inspiration' to take on the unions in the Robe River dispute later in that year.
WITH CORPORATE SUPPORT, radical neo-liberals have produced a number of publications which outline alternatives to the welfare state in Australia. These publications offer a vision of what a neo-liberal society might look like, and provide policy alternatives for getting there. *Australia at the Cross-roads*, funded by Shell Australia, sets out an economic libertarian analysis of Australian society and prescribes desirable future directions. Mandate to Govern, jointly sponsored by the Australian Institute for Public Policy and the Australian Chamber of Commerce, is based on a similar project conducted by the conservative Heritage Foundation in America to coincide with the 1980 and 1984 Presidential elections and contains a neo-liberal policy program for a future federal government. Victoria: An Agenda for Change (part of Project Victoria) is a joint undertaking of the Institute of Public Affairs and the Tasman Institute, funded by a number of business associations. It coincided with the election of the Kennett government in Victoria and outlined a program of deregulation and privatisation. The National Priorities Project presented research undertaken by the Centre for Policy Studies and also by the Tasman Institute on deregulation, privatisation, taxation and the application of market mechanisms to environmental problems. This project was funded by the BCA, NFF, mining and energy councils and finance associations.

To a limited extent, neo-liberal think tanks have not only promoted ideas, but attempted to put these ideas into practice. The Tasman Institute, which arose out of the failed attempt to establish a private fee-paying university in Australia during the late 1980s, is linked to Tasman Asia Pacific, a company which engages in consultancy work in Australia and overseas, advising governments on ways of implementing neo-liberal policy programs, such as privatisation and deregulation.

It is important to recognise the disparity between radical neo-liberalist views and those of other sections of the ruling class. The Business Council of Australia, for example, comprising CEOs of the largest eighty Australian companies, has differed from neo-liberals in tactics and policy, generally adopting a more incremental and practical approach to that of the radical neo-liberals. While the radical neo-liberals called for the arbitration system to be abolished, the BCA seemed content to develop policies that had a realistic chance of implementation under the then Labor government. In the arena of industrial relations, the BCA led the way in the push for enterprise bargaining. It was the contribution of Fred Hilmer, rather than that of the think tanks, that was responsible for the Council's successful strategy of promoting enterprise bargaining. For research it has tended to turn to other consultants such as Access Economics and McKinsey rather than the radical neo-liberal think tanks.

FOLLOWING THE US EXAMPLE, Australian new right think-tanks have acted as arms-length organisations through which private enterprise donations could be channelled into research tailored to the needs of conservative political parties. To give but one example, the Institute of Public Affairs (IPA) provided extensive bogus anthropological research on the validity of Aboriginal land claims to the Liberals during their anti-Mabo and Wik campaigns. The board of the Victorian IPA has included James Balderstone, who also served on the BHP board; Hugh Morgan, managing director of the Western Mining Company; and Dame Leonie Kramer, another Western Mining board member. All of Australia's major new right think tanks have been heavily dependent on mining company funding. The future of the fledgling Centre for Independent Studies (CIS) was reportedly consolidated by a $40,000 dollar grant organised by Morgan, with ongoing funding provided by the Western Mining Company, CRA, BHP, Shell, and Santos. The Tasman Institute, which was widely credited for providing the ideological blueprint for the Kennett Government in Victoria, was sponsored by BHP, CRA, Esso, MIM, Shell, Woodside Petroleum and Western Mining.

— MARK DAVIS
The effect of corporate sponsorship on the output of think tanks is perhaps evident from the fact that, while they have been fierce critics of the 'culture of welfare dependency' arising from state-administered welfare programs, they have been remarkably silent on the issue of corporate welfare in Australia — estimated by Greens Senator Bob Brown to be about $14 billion. However, it is not good enough simply to describe radical neo-liberals as lackeys of the ruling class. Rather, they are actors in their own right, with their own interests and values. They are motivated by ideology, by an absolute conviction of the correctness of their own beliefs, whereas businesses are motivated by profit and are constrained by the limitations of political reality. This has clearly annoyed the radical neo-liberals, who have called on business associations to embrace neo-liberal policies and ideas with greater vigour.

Likewise some other movements, the radical neo-liberals have moved the goalposts of debate. These ideological shock troops have enjoyed favourable treatment by the mainstream media. My own survey of *The Age*, *Sydney Morning Herald* and *Australian Financial Review* between 1986 and 1995 reveals that only 14 per cent of articles which mentioned one or more of the radical neo-liberal think tanks identified them as either right-wing or conservative. Further, 63 per cent of these articles contained quotes from think tank publications or members. This suggests that the ideological nature of these think tanks has been concealed and their output has been presented as authoritative, disinterested and objective.

While they haven't influenced public opinion directly (witness the continuing unpopularity of neo-liberal policies), they have had success intervening in the agenda-setting organs of the media. For example, being far more radical than the BCA, they were able to create a “favourable intellectual climate” in which the Business Council's less radical agenda of enterprise bargaining was politically palatable.

Radical neo-liberals argued that the economic crisis of the seventies exposed an inherent flaw in Keynesianism. Australian policy-making of the time was in fact a grab-bag of theories, and wasn't a strict application of Keynesian practice at all. But radical neo-liberalism helped legitimise the rejection of Keynesianism, and contributed to the context for speculation about alternatives.

They promote these alternatives at every level. Both the CIS and IPA have had programs aimed specifically at high-school teachers and their students. The CIS established the Economics Education Resource Centre in 1989, which produced a regular publication and sponsored seminars for both economics teachers and students. In 1993 the CIS claimed that its professional development days had attracted 600 teachers, while more than 800 schools, colleges and libraries subscribed to its newsletter, *The Economics Education Review*. All of this helped to legitimate the neo-liberal framework of economic analysis within the teaching of high-school economics, as well as promote the idea that 'there is no alternative' to neo-liberalism.

This is just one way in which think tanks have provided a focus for the radical neo-liberal movement. They have provided continuity, support for activists, an organisational base and a means of distribution of information. By bringing the faithful together, and by reaffirming neo-liberal ideology, they have helped to embolden participants in the radical neo-liberal movement.

While the radical neo-liberal movement has not been the main driver of Liberal Party policy, it has been instrumental in shaping it. At the most obvious level, a number of radical neo-liberal activists have been involved in the Liberal Party. Peter Costello, the Kemp brothers and Ian McLachlan have become federal Liberal MPs. Charles Copeman unsuccessfully ran for election. Former Liberal MPs John Hyde and Bert Kelly advocated radical neo-liberal approaches while in parliament. Michael Kroger, Andrew Robb and David Trebeck have all moved into the non-parliamentary hierarchy. Andrew Norton from the CIS is a former adviser to David Kemp. Alistair Nicholas, also of the CIS, has been an adviser to Alexander Downer.

As neo-liberal ideology has developed into political reality, it has also become more acceptable for Labor politicians to fraternise with the radical neo-liberal movement. Federal Labor MP Mark Latham has dabbled, publishing with the CIS. Former Federal Labor Minister Gary Johns is employed by the IPA. Former Labor Finance Minister Peter Walsh is a friend of the movement. NSW Labor Police Minister Michael Costa contributed a chapter to *A Defence of Economic Rationalism*, and NSW Labor Premier Bob Carr's description of the CIS as a "jewel in Sydney's crown" adorns its website. Nonetheless, there have not been any radical neo-liberals who have gone to work for Labor MPs or become Labor politicians.
IT'S HARD TO OVERESTIMATE THE INFLUENCE CONSERVATIVE THINK TANKS HAVE HAD ON THE POLITICAL AGENDA IN AUSTRALIA. NOW, HOWEVER, THEY ARE GIRDING THEIR LOINS FOR A DEFENSIVE BATTLE AGAINST SIGNS OF A RENAISSANCE ON THE LEFT. A BATTLE SOME SAY THEY ARE LOSING.

FRED LINDSAY should be a man content. His creation, the Centre for Independent Studies (CIS), is today the most influential think tank in the country, its unique brand of social conservatism and neo-classical economics now largely mirrored in Coalition Government policy. Not only is the CIS’s intellectual agenda a key fixture of the Prime Minister, it is increasingly discussed by both sides of politics. A moment of triumph. But not yet, Lindy is troubled. The country’s a way better place than it was 25 years ago, he told The AFR, November: ‘Trends are against the way we have argued, but I don’t think [the radical neo-liberal movement] has won. It is still there. We have no right to rest.’

Most of these arguments have come to rest stating, reorganising, and reorganising, yay again, get someone else to say it, it’s a cultural thing too. We’re working through these cultural rules - one’s going out and one is coming in. We’ve got to make sure ours stays in.

It’s a message that has been continually underlined by the Government of late. The lesson of the last six years is that you always look forward. Prime Minister John Howard told the Liberal Party’s Federal Council in April: ‘The task is never done. The reform process is nowhere completed. The economy is never perfect.’

The Party’s retiring treasurer, Ron Walker, echoed the call: ‘I think the biggest challenge the party’s going to keep the reform going and to keep up with new ideas.’ His replacement at treasury, Malcolm Turnbull, used the same occasion to launch a research report on the subject: ‘The product of another think tank – the Liberal Party’s own Menzies Institute – which calls for a wholesale shake-up of education, replacing the schools, public and private, with a system of vouchers or school fees, and no state money.’

The Australian Financial Review Magazine, July 2002

The Australian Financial Review Magazine, July 2002

They have co-opted egalitarian language to frame an apology for privilege in democratic terms. So, vouchers are no longer a means of giving more public money to already privileged private schools; they are about ‘individual choice’. Dissenting intellectuals no longer play an important role in public political debate; they’re denigrated as ‘politically correct elites’. Notions such as a ‘culture of welfare dependency’, the ‘Aboriginal Industry’, and ‘private welfare’ come straight from the radical neo-liberal movement.

The movement has been a consistent and strident critic of most people appealing to the values of social justice; not just of the Left in general. Generally the radical neo-liberals have characterised their opponents as being elitist, out of touch with ordinary Australians and as being motivated either by ideology or vested interest. This has been manifest in emotively-charged labels such as ‘politically correct’, ‘special interest’, the ‘guilt industry’ and the ‘new class’. Such language was recently used to undermine members of the Stolen Generations and claims of non-Indigenous intellectuals about massacres of Aborigines. As Robert Manne has highlighted, the intellectual outpourings of a number of the radical neo-liberals has helped to legitimate the Howard government’s attack upon the entire notion of the Stolen Generations.

T0 BE SUCCESSFUL, a project which aims to reorganise capital and the state needs a concomitant reorganisation of hegemony. Kees van der Pijl and Henk Overbeek argue that a hegemonic project requires a “politics of support as much as it needs a politics of power.” The radical neo-liberal movement has done this by demonising opponents of neoliberalism, helping to create a favourable intellectual climate for neo-liberal ideas to flourish, as well as helping to reorganise ‘common sense’ through rhetorical justifications of neo-liberal policy. It is in such a context that the radical neo-liberal movement is best understood.

There have been unintended consequences of the movement. The rise of Pauline Hanson was, in part, a backlash against neo-liberalism, but it was also furnished with the language of the neo-liberals. Hanson’s ‘politically correct elites’ was a notion that came from
the think tanks, from a common right-wing political culture. Indeed, the Hanson phenomenon underscored the general unpopularity of neo-liberal policies in Australia. But Hansonism was inarticulate and racist. Combating neo-liberalism requires a mobilisation of both egalitarian ideas and interests against the powerful array of forces that nurture it.

ENDNOTES


4. This list is based upon the CIS Annual Review 1996.


11. See for example, Arbitration in Contemporary Australia.


Damien Cahill is completing a PhD on the radical neo-liberal movement at the University of Wollongong.