

John Howard, Economic Liberalism, Social Conservatism and Australian Federalism

This paper examines the way in which John Howard's values have shaped his approach to federalism. Howard identifies himself as an economic liberal and a social conservative, and the paper traces the impact of this stance on Australian federalism. It shows how they have resulted in an increasing accretion of power to the centre and a further marginalisation of the States. The paper finds that Howard's commitments to small government and a single market unimpeded by state borders have important consequences for federal arrangements as has his lack of sympathy with regional identity.

Federalism is central to Australian political life. It is a defining institution which has shaped the nation's political evolution.¹ The founders' conception of a nation composed of strong autonomous States, each with their own independent source of income and expansive sphere of responsibility has never been realised, if indeed it was ever intended and over time power has shifted, almost inexorably, to the centre.² While centralising pressures have rarely abated, each Commonwealth government has put its own distinctive stamp on the federation, both building past developments and introducing innovations. The Howard government has been no exception and we have seen considerable change in the federal arrangements since its election in 1996. Much of this change occurred without fanfare or formality, rarely being accompanied by grand statements of principle or elaborated plans for redesign. John Howard himself showed little interest in federalism throughout most of his long career in public life. In the absence of imposing statements of vision or intention, it has been easy to see Howard's support for increasing centralisation as simple opportunistic responses to political contingency, (as was the case in relation to gun law reform); the fulfilment of longstanding coalition policy goals, (as in industrial relations); or a partisan reaction to the Labor domination of State governments (as in relation to taxation). Such interpretations are undoubtedly important. We should not underestimate Howard's willingness to respond to political demands and opportunities. Nor should we disregard the fact that since 2002 Labor

¹ See for example Christine Fletcher, "Rediscovering Australian Federalism by Resurrecting Old Ideas", *Australian Journal of Political Science*, vol. 26 (1991), p. 79 (-94); A. Fenna, *Australian Public Policy* (Frenchs Forrest NSW, 2004), p.164.

² See B. Galligan *A Federal Republic* (Cambridge, 1995) for an elaboration of this argument.

has held power in all States and Territories.³ Nevertheless, it is important that we do not ignore the significance of ideas in shaping Howard's approach to federalism.

Politics is, amongst other things, a battle of ideas. They are useful both as rhetorical devices, as symbols to rally supporters, and as justifications for actions.⁴ Indeed Kane argues, "Political agents and institutions must be seen to serve and to stand for something apart from themselves, to achieve *something* beyond merely private ends ... This they do by avowing their service to some set of fundamental values, principles and goals".⁵ In other words, ideas legitimise action. While Howard has eschewed grand theory, he has held fast to the themes of economic liberalism and social conservatism, consistently using these notions to define his politics.⁶ This paper argues these twin ideas have helped define Howard's federalism, giving it a distinctive character and direction.

The paper begins by locating Howard within the Liberal party tradition. It then briefly surveys Howard's government approached federalism showing the ways in which it has both built on past developments and pioneered new elements. The paper then turns to examine ways in which Howard's economic liberalism and social conservatism have influenced his approach to federalism.

Federalism and the Liberal Party

Since its formation in 1945, the Liberal Party of Australia has claimed to be the party of federalism. The Party's first platform explicitly committed it to: "the maintenance,

³ As we shall see below, much of Howard's federal agenda was in place prior to the Labor's domination of state and territory governments.

⁴ See Murray Edelman, *Politics as Symbolic Action: Mass Arousal and Quiescence* (New York 1971) for a discussion of the role of symbols in politics.

⁵ John Kane, *The Politics of Moral Capital* (Cambridge, 2001), 10. See also Ruth W. Grant, *Hypocrisy and Integrity* (Chicago, 1997), pp. 179-80. In essence, Grant argues that unadorned opportunism is unacceptable in politics and political actors are compelled to justify a course of action in terms of virtue or principle..

⁶ See for example Howard, "Transcript of the Prime Minister the Hon John Howard MP Address at the Launch of the Publication, 'The Conservative'"; *PM's Media Centre*, Canberra: Dept of Prime Minister and Cabinet (8 September 2006) available at <http://www.pm.gov.au/news/speeches/speech1554.html> ; Howard, "Interview with Nick McCallum Radio 3AW, Melbourne" *PM's Media Centre*, Canberra: Dept of Prime Minister and Cabinet 8 September 2006) available at <http://www.pm.gov.au/media/interview/2006/Interview2123.cfm>; Howard, "Interview Transcript of the Prime Minister the Hon John Howard MP Interview with John Laws, Radio 2UE" *PM's Media Centre*, Canberra: Dept of Prime Minister and Cabinet (8 March 2004) Available at <http://www.pm.gov.au/media/interview/2004/Interview738.cfm>. In this he shares much with his predecessor, Robert Menzies, who roundly rejected 'doctrine' arguing this was one of the characteristics which distinguished his Liberal party from its Labor opposite (R.G. Menzies, "The Foundations of Australian Liberalism" in Y. Thompson, G. Brandis and T. Harley (eds) *Australian Liberalism: the Continuing Vision*. (Melbourne, 1986), pp. 92-94.

unimpaired, of the Federal system of Government with appropriate division of powers between the Commonwealth and the States". The Party declared it the arrangement "most conducive to the progress and well-being of Australia, the development of her territories and resources, and the democratic protection of the freedom of the individual".⁷ Federalism, with its promise of decentralisation, diversification and protection against socialism and authoritarianism, was consistent with the Party's other foundation principles of individualism, entrepreneurship, support for the family and so on. It was a commitment reiterated, in one form or another, in subsequent redraftings of the platform. The 1974 version reasserted the Party's longstanding commitment to federalism, emphasising the value of federalism in containing power; the need for clear division of powers and responsibilities with appropriate resourcing; and the role of co-operation in areas of concurrent responsibilities.⁸ In 2003, the Party again pledged itself to federalism. Federalism, it confidently asserted, was to be supported as an institution which "takes government closer to local people, creating higher levels of democratic participation and government more closely reflecting the people's wishes and regional needs"; and also one which provides for more appropriate legislation and allows policy experimentation and learning".⁹ The commitment to federalism continued to be restated; the Party's Federal Council passed a resolution enshrining "states' rights" in 2005.¹⁰

How strongly did this commitment influence practice? Tiver, for example, argues that federalism, whilst requiring "ritual obeisances", did not necessarily flow through into the practice of government unless economic interests were at stake.¹¹ From this perspective, federalism was of symbolic importance, with little relevance in the everyday business of government. In fact, Parker suggests its most important function was to distinguish the party from Labor, which roundly rejected federalism as a conservative hindrance to reform.¹²

⁷ L.F. Crisp., *Australia's National Government*, (Melbourne, 1983), p. 235.

⁸ D. Jaensch, *The Politics of Australia* second edition (Melbourne, 1997), p. 89.

⁹ Federal Platform Liberal Party of Australia, LPA Barton ACT 2003 available at <http://www.liberal.org.au/documents/federalplatform.pdf>.

¹⁰ Australian Broadcasting Corporation "Liberal Party confronts Howard on states' rights". ABC News Online Saturday, June 25, 2005, available at <http://www.abc.net.au/news/newsitems/200506/s1400339.htm>

¹¹ Cited in G. Maddox, *Australian Democracy in Theory and Practice* (Melbourne, 1985), p. 126.

¹² R.S. Parker "Political and Administrative Trends in Australian Federalism", *Publius*, vol.7, no.3. p.38. This explanation of the Liberal's federalism fits with a more general tendency to define the Liberal Party in terms of its opposition to Labor. It is the 'non-Labor' party, a party which embraces everything its opposing number does not. Brett rejects this, arguing it is a mistake to define the Liberal Party simply as the antithesis of Labor. While this characteristic is indeed important, she contends that it jostles with another, competing vision of a nation of individuals. [Judith Brett, *Australian Liberals and the Moral Middle Class*, (Cambridge, 2003) p. 214]

The split between theory and practice is evident throughout the Party's history. According to Turner, "Menzie's gave lip-service ... to the party's federalist platform, which he had helped to write, but never allowed it to hamper the Commonwealth's exploitation of the financial supremacy" which was consolidated in the 1950s and 1960s.¹³ Under Menzie's, the Commonwealth supplemented State borrowings with special loans and expanded the use of tied grants in areas such as education and welfare, as well as infrastructure.¹⁴ Menzie's justified the extension of Commonwealth involvement thus: federal arrangements were necessarily rigid and legalistic and it was up to the political actors themselves to apply these rules in a flexible and reasonable way. Of course, this flexibility was informed by basic liberal values and facilitated by goodwill and "an honest desire" to resolve difficulties amongst key actors.¹⁵ His approach worked well in the 1960s with like-minded Premiers such as Bolte and Playford installed in the States but the changing political guard in Canberra brought with it a different approach to federalism.

In the latter part of the 1960s, Prime Minister John Gorton adopted a much more centralist stance, borne partly of his interest in social policy reform, and his belief that the Commonwealth should have final say in areas of national concern.¹⁶ This brought him into conflict with State leaders, all of whom were non-Labor and expected a better deal from a sympathetic Commonwealth.¹⁷ The standoff was resolved with a declaration, which acknowledged the value of transferring powers between governments where it was necessary.¹⁸ Despite his explicit rejection of the centralist tag, Gorton envisaged a wider role for the Commonwealth in health, education and the like. Half a decade later, the stance adopted by one of his successors, Malcolm Fraser was more ambiguous.

Fraser's "New Federalism" built on basic liberal precepts. His support for federalism derived from his belief that, "the power of the state should be limited and contained."¹⁹ Moreover,

¹³ I. Turner, "The Liberal 'Iceberg'", in H. Mayer and H. Nelson (eds) *Australian Politics a Third Reader*. Melbourne, 1983) p. 371.

¹⁴ Parker, "Political and Administrative Trends" p. 41.

¹⁵ R.G. Menzie's, "The Foundations of Australian Liberalism" Inaugural Sir Robert Menzie's Lecture May 1970, reprinted in Y. Thompson, G. Brandis and T. Harley (eds) *Australian Liberalism: the Continuing Vision* (Melbourne, 1986), p.96

¹⁶ I. Hancock "Liberal Government, 1966-72" in J.R. Nethercote (ed.) *Liberalism and the Australian Federation* (Sydney 2001) p.206; C. Sharman, "Federalism and the Liberal Party" in J.R. Nethercote (ed.) *Liberalism and the Australian Federation* (Sydney 2001) p. 297; G. Starr, "Federalism as a Political Issue: Australia's Two 'New Federalisms'", *Publius*, Vol.7 No.1 pp. 18-19

¹⁷ Five of the six Premiers were Liberals and the sixth, Joh Bjelke Petersen, Country Party leader.

¹⁸ Turner, "The Liberal Iceberg", p. 372

¹⁹ Malcolm Fraser, "Government and the People" Sir Robert Menzie's Lecture 25 September 1975, reprinted in Y. Thompson, G. Brandis and T. Harley (eds) *Australian Liberalism: the Continuing Vision* (Melbourne, 1986), p.155.

he argued “Increasing the centralisation of government power in Canberra is positively dangerous. The more power is centralised the less it is subject to popular influence and control.”²⁰ Federalism diffused power but could only do so successfully if financial resources were shared. To this end, he proposed the States receive a fixed share of income tax, and also be allowed to levy their own income taxes. In practice, however, Fraser’s “New Federalism” was largely limited to some rolling back of tied grants, which had ballooned under the previous government. Even this change was largely cosmetic, with the Commonwealth using other means to direct its resources. The promise to give the States a fixed share was somewhat of a poisoned chalice for the States because it tied them to the Commonwealth’s fiscal strategy and Fraser “set limits as ruthlessly as any of its predecessors”.²¹ There was also an increase in direct intervention in areas of State responsibility such as the environment. While Fraser resisted calls to intervene to prevent the Tasmanian government constructing the Gordon below Franklin dam on the principle of states rights, the stance rang somewhat hollow in the face of the Commonwealth’s earlier interventions in Queensland to halt sand mining on Fraser Island and to protect the Great Barrier Reef. Hence, despite his federalist sensibility, Gillespie characterises Fraser as “a reluctant centralist”.²²

In recent times, senior members of the Liberal Party have articulated a variety of positions. For example, Howard’s Finance Minister, Nick Minchin described himself as a committed federalism. Federalism, he declared is “an intrinsic part of Australia’s constitution”.²³ Another former Minister, Wilson Tuckey accepted the principle of devolution but argued that local, rather State, government was best positioned to realise its benefits because it was truly “closer to the people”.²⁴ Others argued for a redistribution of responsibilities. For example, when leader of NSW party, John Brogden suggested the States take sole responsibility for school education whilst vacating health. Federal Health Minister Tony Abbot went further. For Abbott, federalism violates other key liberal tenets vision such as

²⁰ The Hon. Malcolm Fraser, MP Address to the National Press Club on 8 December 1975, Tom Maniatty (ed), *The Power of Speech; 25 Years of the National Press Club*, (Neutral Bay NSW, 1989), pp.22-3.

²¹ Parker, “Political and Administrative Trends” p. 50.

²² J. Gillespie, “New Federalisms” in J. Brett, J. Gillespie and M. Goot (eds) *Developments in Australian Politics*, (South Melbourne, 1984), p. 80.

²³ Nick Minchin, “Address to the Samuel Griffith Society, Launch of Volume 17 of ‘Upholding the Australian Constitution’” 25 November 2005. available at http://www.financeminister.gov.au/speeches/2005/sp_20051125_samuelgriffith.html.

²⁴ Wilson Tuckey, “Interview with Wilson Tuckey: Commonwealth State Relations”, 11 July 2003, Press Conferences WTPC13/2003, available at http://www.ministers.dotars.gov.au/wt/pressconf/2003/WTPC13_2003.htm.

small government and accountability.²⁵ Federalism, by providing for more governments, inevitably leads to bigger government, and, by dividing responsibility, makes it difficult to hold governments to account.²⁶ The issue of responsibility underpinned Treasurer, Peter Costello's critique of federalism. Unlike his colleague, he refrained from condemning federalism in principle but instead advocated a clearer delineation of roles, which posited the Commonwealth in the role of policy maker and left implementation to the States (or "branch offices" in his terminology).²⁷

As we can see from above, although federalism has remained a central plank in the Liberal Party and a key element in its self definition, the allegiance to principles of states' rights, division of powers and the containment of government has always jostled with other core values such as individualism, the family, economic enterprise and the nation. That the inevitable tensions and contradictions between the values have not generated more heat is attributable to the pragmatism which has defined Liberal thinking. Liberalism, as the Party understands it, is "a broad based political philosophy that relates a core set of enduring values to the changing realities and challenges that societies confront over time".²⁸ Such a formula leaves open important questions such as the allocation of responsibilities between the Commonwealth, State, Territory and local governments, as well as the appropriate use of Commonwealth powers. The answers depend on the particular mix of values, as well as their interpretation. In this context, it is important to consider the main dimensions of change instituted by the Howard government since it was elected in 1996.

Federalism and the Howard Government

While all federations are subject to centripetal and centrifugal forces, in Australia the pull of the centre largely overwhelmed the tug of the periphery. Over the last decade, we have seen considerable power accrue to the centre as the Howard government built on the structures and routines of the past, adapting and adjusting them to suit both the prevailing political climate and its own policy goals. The scope of change was both considerable and, at times,

²⁵ Tony Abbott, "A Conservative Case for Centralism, *The Conservative* (2005) vol. 1, p 4. available at <http://www.conservative.com.au/articles/pdf/conservative%20high%20res.pdf>.

²⁶ Tony Abbott, "Speech Notes or Sir Norman Cowper Lecture Institute of Political Science Sydney by the Hon. Tony Abbot, Minister for Employment and Workplace Relations on 'Responsible Federalism'", June 30, 2003. available at <http://mediacentre.dewr.gov.au/mediacentre/AllReleases/2003/June/ResponsibleFederalism.htm>.

²⁷ See for example Peter Costello "Interview with Laurie Oakes", Sunday Program 2 July 2006. available at <http://www.treasurer.gov.au/tsr/content/transcripts/2006/098.asp>.

²⁸ Liberal Party of Australia "The Liberal Way Federal Platform Liberal Party of Australia" (Barton ACT, 2003) p. 5.

subtle. As with past central governments the Howard government used a variety of means to shape outcomes. Rarely do governments reinvent the wheel; instead they build on and adapt existing practices and institutions and this can make change difficult to perceive, especially when it occurs across the span of government activity, a point made by Parkin and Anderson in their survey of recent changes to Commonwealth State relations.²⁹ This section briefly identifies some of the key areas of change in Commonwealth State relations over the decade of the Howard government.

Constitutional Powers

While constitutional change has been rare, the High Court's tendency, beginning with the Engineer's Case in 1920, to interpret the constitution expansively confirmed significant growth in Commonwealth power.³⁰ There was, however, little indication that Howard was determined on this path prior to his election in 1996. Indeed, in 1995, he promised not to utilise one head of power, external power to extend the Commonwealth's reach into areas of State responsibility, arguing Labor's "illicit use" of this power had "subverted the federal balance", and undermined our national sovereignty.³¹ This, however, did not prevent his government from using existing arrangements to increase the Commonwealth's authority over the States. The 1999 *Environmental Protection and Biodiversity Conservation* (EPBC) Act provides a good example. The Act's primary purpose was to bring together the Commonwealth's environmental responsibilities, consolidating several separate pieces of Commonwealth environmental legislation which stretched back to the 1970s. It was, however, more than a simple housekeeping exercise because it clearly formalised the power of the Commonwealth minister to override the States in a range of matters deemed to be of national environmental significance. While commentators, such as Economou and Christoff, believed the EPBC represented a winding back of Commonwealth authority over the environment, Dyson and Scanlon were less sure suggesting the EPBC represented "a significant assertion of the Commonwealth's power to legislate for the environment, and tests the limits of Commonwealth powers".³²

²⁹ Andrew Parkin and Geoff Anderson, "The Howard Government, Regulatory Federalism and the Transformation of Commonwealth-State Relations" *Australian Journal of Political Science* (forthcoming).

³⁰ Selway and Williams argue that the High Court has *followed* centralising trends with its judgements effectively confirming changes that have already occurred (B. Selway and J.M. Williams. "The High Court and Australian Federalism" *Publius* (2005) vol 35 no. 3, pp. 467-490.

³¹ Commonwealth Parliamentary Debates (CPD), House of Representatives, 2 February 1995, p. 381.

³² N. Economou, "Backwards into the Future" in K. Walker and K. Crowley (eds) *Australian Environmental Policy*, (Kensington NSW, 1999), p. 67; P. Christoff, "In Reverse" *Habitat Australia*, (October 2002), p. 11; (2000:21); M. Dyson, and J. Scanlon, "Federal Government flexes its

While commentators debated the extent of Commonwealth powers under the EPBC, any doubts were swept aside in the High Court's judgement in the 1996 Workchoices case which assessed the Commonwealth's use of the corporations power to introduce a new industrial relations regime. The High Court, in upholding the legislation, interpreted the Commonwealth's Corporations power widely extending it beyond the "trading" aspect of corporations. As a consequence, the Commonwealth may now enact legislation on any aspect of corporate activity, including any relationship it may have with a third party or its employees.³³ In his dissenting judgement, Mr Justice Kirby found the decision had the potential to fundamentally alter the federal balance and risked reducing the States to agencies merely serving the Commonwealth.³⁴

The Commonwealth also extended its reach into areas of State responsibility by pushing them to pass uniform legislation. Whilst not strictly a transfer of power – the States retain formal authority – the effect of uniform legislation does represent a limit to the States' legislative autonomy. A good example of this is the common firearm regime established early in the Howard governments first term.³⁵ In the aftermath of the mass shooting in Tasmania in April 1996, the Prime Minister proposed that the hotch potch of State laws be replaced by a common framework which not only standardised arrangements but also imposed tougher controls on ownership and banned some types of weapons outright.³⁶ The Prime Minister called for State co-operation, but the underlying threat was clear – if they did not, the Commonwealth would go ahead without them. In 1998, the Prime Minister warned the States, "the Commonwealth reserve the right to use all of the power and authority at its disposal to ensure compliance with the uniform gun control legislation".³⁷ The transaction

environmental muscle: the Environment Protection and Biodiversity Conservation Act (Cth) 1999". *Bulletin* (Law Society of South Australia) (2000) vol 22 no. 7, p. :21.

³³ Andrew Stewart and George Williams, *What the High Court Said*, (Annandale NSW 2007).

³⁴ George Williams, "Goodbye to States' Rights", *The Age* 15 November 2006.

³⁵ Following the 1987 Hoddle Street massacre in Victoria, all jurisdictions agreed to the establishment of the National Committee on Violence. The Committee reported in 1990 with over 130 recommendations, including the enactment of uniform legislation. This issue was considered by the Australasian Police Ministers Council, which drew up recommendations and over the next four years worked toward a national regime. (J.D. Norberry, J., D. Woolner, and K. Magarey, "After Port Arthur – Issues of Gun Control in Australia". *Current Issues Brief 16 1995-1996*. Canberra, . 2005-6. available at <http://www.aph.gov.au/library/pubs/cib/1995-96/96cib16.htm>.)

³⁶ J. Stewart, "The Howard Government and Federalism: the End of an Era?", in G. Singleton (eds), *The Howard Government Australian Commonwealth Administration 1996-1998*, Sydney, 1999.

³⁷ J. Howard, J. "Transcript of the Prime Minister the Hon John Howard MP and the Treasurer, the Hon Peter Costello MP Joint Press Conference" (Prime Minister's Courtyard, Parliament House 20 March) available at <http://www.pm.gov.au/News/interviews/1998/premiers.htm>> Consulted February 2006.

was not all one-way: in exchange, the Commonwealth promised to compensate gun owners for the loss of their weapons.³⁸

Similarly, Commonwealth asked Queensland, New South Wales, Victoria and South Australia to hand over their control over the Murray – Darling basin. Such a request is provided for under Section 51 (xxxvii) of the constitution, which allows the Commonwealth to make laws with respect to matters referred to it by the States. The referral power facilitated the establishment of a uniform regime of corporate regulation. The Kennett government in Victoria also used it to hand over its power over industrial relations to the Commonwealth. While useful, the limits to referral have yet to be tested and any referral may prove to be revokable.³⁹

The Commonwealth government, under Howard, did not just extent its power using legal avenues. As we shall see below, it also utilised its fiscal supremacy to extend its reach into areas of State responsibility.

Developments in Fiscal Federalism

Financial arrangements have been an important vehicle of centralisation almost since federation. While the founders may have intended the States to be financially independent, a series of developments undermined their financial autonomy and dependence appeared sealed with they effectively lost their access to income tax after 1942. In 2000, in what appeared a reversal of half a century of fiscal federalism, the Commonwealth promised to hand the proceeds of the new Goods and Services Tax (GST) over to the States. This, according to Howard, this represented a revolution in Commonwealth–State financial arrangements, as profound as the Uniform Tax Act. It would give the States a significant measure of financial security and end the Premiers’ annual cap-in-hand trek to Canberra once and for all.⁴⁰ While Parkin and Anderson argue the GST “a genuinely pro-federalist initiative”,⁴¹ it is not without caveats. First, the GST deal to give the States access to a growth tax was in exchange for abolishing their own State based taxes. It thus reduced the States’

³⁸ G. Orr “Gun Money”, *Alternative Law Journal*, vol. 21 no. 4 (1996), pp. 191-3.

³⁹ P. Tate, “New Directions In Co-Operative Federalism: Referrals of Legislative Power and their Consequences” 2005 Constitutional Law Conference (Sydney 18 February 2005, available at http://www.gtcentre.unsw.edu.au/publications/papers/docs/2005/5_PamelaTate.pdf; P. Anet, “Current Developments: Constitutional Law” Fourth Australasian Drafting Conference, (4 August 2005) Available at <http://www.pco.nsw.gov.au/pccconf/papers/14-Peter-Anet.pdf>

⁴⁰ *Parliamentary Debates Representatives I* June 1999, 5652; *Parliamentary Debates Representatives 2* March 2003, 26023.

⁴¹ Parkin and Anderson, “Regulatory Federalism”.

capacity to pursue their own growth agenda. In other words, they effectively forfeited their capacity to lure business to their States through the establishment of competitive tax regimes. Given the long standing commitment to horizontal fiscal equalisation and the States' limited revenue raising capacity, this probably did not amount to much. Second, the GST was not a "State tax" despite the Commonwealth's attempt to define it as such because the Commonwealth was responsible for administering it.⁴² This may become important because, according to Galligan, the States' right to a share of the GST ultimately rested on a "gentleman's agreement" and the Commonwealth retains the right to vary it, a fact noted by the Treasurer, Peter Costello.⁴³ Third, the Commonwealth still controls the formula for distributing the GST between States and this gives it a useful weapon to play them off against each other.⁴⁴

The decentralising elements contained in the GST must be set against other developments, in particular the use of Specific Purpose Grants. Tied grants have long been a vehicle for Commonwealth engagement in areas of State responsibility but the Commonwealth's ability to ensure that these grants were spent in accordance with agreed goals was constrained by its inadequate monitoring and enforcement capacities. As a consequence, the States had enjoyed a good deal of flexibility in the way in which they spent the money.⁴⁵ Under the Howard government, much of this flexibility disappeared. The Howard government introduced new funding models and refined the use of performance management tools to assert tighter control over outcomes. For example, under the terms of the 1996 National Competition Policy agreement, the traditional up front transfer was replaced by payment by performance so that under National Competition Policy the States only received the money after demonstrating satisfactory performance.⁴⁶ The Commonwealth was also more rigorous in outlining the conditions under which it would extend funding to the States. In education, the Commonwealth also tightened its oversight by tying funding to a performance management

⁴² J. Quiggin, "The Economic Policy Debate". In P. Boreham, G. Stokes and R. Hall (eds), *The Politics of Australian Society*. 2nd edition. (Frenchs Forrest, 2004).

⁴³ Parkin and Anderson "Regulatory Federalism". Costello has suggested the Commonwealth may consider winding back the states' access to the GST if they refuse to abolish some state taxes.

⁴⁴ A. Daly, "Unfinished Business: Reform of the Tax System" in C. Aulich and R. Wettenhall (eds) *Howard's Second and Third Governments*, (Kensington, 2005).

⁴⁵ Andrew Parkin, "Intergovernmental Relations" in A. Parkin & A. Patience (eds) *The Bannon Decade*, (St Leonards NSW, 1992); D. Spedding, "An Audit Commentary on Aspects of Commonwealth-State Agreements" (Canberra, 1993); Jenny Stewart, "The Howard Government and Federalism: the End of an Era?" in G. Singleton (ed.) *The Howard Government Australian Commonwealth Administration 1996-1998*. (Sydney, 2000), p. 111; Jeremy Moon and Campbell Sharman "Introduction" in J. Moon and C. Sharman (eds) *Australian Politics and Government : the Commonwealth, the States and the Territories* (Cambridge, 2003), p. 5.

⁴⁶ Robyn Hollander, "National Competition Policy, Regulatory Reform and Australian Federalism" *Australian Journal of Public Administration* (2006) vol. 65, no. 2, pp. 33-47.

framework, which measured outcomes against clearly specified objectives.⁴⁷ The Commonwealth was thus able to impose clear and detailed obligations on State education authorities. For example, by 2001, the Commonwealth insisted that, to be eligible to receive Commonwealth funding, schools had to measure themselves against benchmarks in literacy and numeracy. More recently, it added the requirement that the results be made public.⁴⁸

Parallel Federalism

The Commonwealth also used its financial superiority to by-pass the States altogether and work through local and regional bodies in what Parkin and Anderson have characterised as “Parallel Federalism”.⁴⁹ It is an approach pioneered by the Whitlam government in the early 1970s which established a network of regional bodies to implement its development policies. The early experimentation was not particularly successful but the Howard government embraced the approach, using it in a number of schemes beginning with the National Heritage Trust. The Trust was established in 1997 to distribute funds to local and regional groups for environmental projects.⁵⁰ Another scheme, Roads to Recovery, introduced in 2000, also by-passes State government, by providing funding directly to local councils for road maintenance and improvement.

This account of major trends shows that under the Howard government, centralisation continued apace. While there was some centripetal movement, it was more than counterbalanced by a range of centrifugal forces. The Commonwealth, under Howard, in common with preceding central governments, attempted to resolve the inherent tensions between the two spheres of government by accruing power to the centre. While the Australian Labor Party defended its pursuit of centralisation in majoritarian terms,⁵¹ the Liberals appealed to a range of notions including flexibility, social responsibility, small

⁴⁷ B. Lingard, “Federalism in Schooling since the Karmel Report (1973), Schools in Australia: From Modernist Hope to Postmodernist Performativity” *Australian Educational Researcher* (2000), vol. 27 no. 2 pp. 25-61.

⁴⁸ Jenny Stewart “Educational Policy: Politics, Markets and the Decline of ‘Publicness’” *Policy and Politics*(2005), vol. 33 no. 3, p. 482.

⁴⁹ Parkin and Anderson, “Regulatory Federalism”.

⁵⁰ Megan Farrelly, “Regionalisation of Environmental Management: a Case Study of the Natural Heritage Trust, South Australia” *Geographical Research* Vol. 43 No. 4 (2005) pp. 393-404 ;Kate Crowley, “Effective environmental federalism? Australia’s Natural Heritage Trust” *Journal of Environmental Policy and Planning*, Vol. 3, No. 4 (2001) pp. 255–272; Susan F. Jennings a; Susan A. Moore, “The rhetoric behind Regionalization in Australian Natural Resource Management: Myth, Reality and Moving Forward” *Journal of Environmental Policy and Planning*, Vol. 2, No. 3 (2000) pp. 177-191

⁵¹ B. Galligan and D. Mardiste, “Labor’s Reconciliation with Federalism” *Australian Journal of Political Science* vol 27 no. 1 (1992), pp. 71-86.

government and accountability. The paper now turns to examine how John Howard reconciled his government's approach to federalism in terms of values.

Howard's Values and Federalism

The Howard government negotiated the tensions inherent in Australian federalism through an increasing centralisation. It is an approach which appears to be at odds with the party's platform but is it? In the discussion below, I examine how Howard's core values of economic liberalism and social conservatism have shaped his commitment to federalism.

Economic Liberalism

Howard's thinking on economics clearly influenced his approach to federalism. In the 1970s, Howard aligned himself with the party "dries", economic reformers who drew theoretical inspiration from F.W. Hayek and policy ideas from Margaret Thatcher.⁵² Over his thirty years in public, his economic stance became more flexible as he shifted away from a theory driven position to embrace a more pragmatic approach. This led Quiggin to accuse the Howard and his government of a contradictory approach to economic policy.⁵³ On the one hand, Howard oversaw a continuation of the microeconomic reform agenda initiated by the previous Labor government; but on the other he championed the nation building projects, such as the Alice Springs to Darwin rail link, more reminiscent of the 1950s and 1960s, than the 1980s. Even pursuit of microeconomic reform was somewhat contradictory. Howard demonstrated considerable reforming zeal in areas, such as labour market reform and privatisation, but did not show the same enthusiasm for continuing tariff reduction or further deregulation of key industries. Howard proved sympathetic to appeals of newsagents, pharmacists, and others, personally intervening to protect them from National Competition Policy.⁵⁴ Some of this flexibility may be attributed to the fact that much of the reform agenda had been satisfied by the previous Hawke and Keating Labor governments but it also suggests a somewhat flexible interpretation of "economic liberalism" informed by values rather than any slavish application of grand theory.

Howard's adherence to a pragmatic economic liberalism had significant consequences for Australian federalism. Two elements in his economic thinking are particularly important in

⁵² Patrick O'Brien, *The Liberals Factions, Feuds and Fancies* (Ringwood Vic. 1985), p.,7.Owen E. Hughes, *Australian Politics* (3rd Edition) (South Yarra Vic. 1998), p. 143.

⁵³ J. Quiggin, "Economic Policy" in R. Manne (Ed.) *The Howard Years* (Melbourne, 2004), p. 169.

⁵⁴ R. Hollander, "National Competition Policy, Regulatory Reform and Australian Federalism", *Australian Journal of Public Administration* (2006), forthcoming.

this context. These are his commitment to the notion of “small government”, and his drive to create a single national market. It is an understanding that appears to fit comfortably within the Menzian tradition; Menzies conceptualised government not as a provider but as a facilitator supporting individual enterprise and encouraging self help.⁵⁵ Howard articulated these themes in his maiden speech in Parliament in 1974 when he spoke of the primacy of individual endeavour and personal responsibility as well as his preference for private providers and the importance of parental choice in education.⁵⁶ The themes of self reliance, resourcefulness and individualism recurred in his public utterances.⁵⁷ Government’s role was “to promote the greatest degree of self-reliance and independence. Because unless people have self-reliance and independence they are robbed of dignity and they are robbed of self-respect.”⁵⁸ Dyrenfurth puts it thus: “Howard [speaks a ...] language of idealised independence, emphasising independent families living the egalitarian dream”.⁵⁹ According to Howard, these qualities are part of the traditional Australian make-up and it is these qualities that are eroded by big government, the target of much of his government’s reforming zeal. Moreover, Howard argued that governments proved themselves less able than private entrepreneurs: “the idea of the government being a better judge of risk than people in the market, I mean that has just not been proved by history.”⁶⁰

Howard’s critique of big government underpinned the Commonwealth’s push for privatisation. In addition to the more obvious asset sales, privatisation has also occurred in more subtle ways through contracting out and support for self-insurance and private

⁵⁵ Robert G. Menzies, “The Interdependence of Political and Industrial Leadership in the Modern State” First Baillieu Lecture: A British Institute of Management Publication (1964), reprinted in Y. Thompson et al (eds) *Australian Liberalism*

⁵⁶ *Parliamentary Debates Representatives*, 26 September 1974, available at <http://www.aph.gov.au/house/members/firstspeech.asp?id=ZD4>

⁵⁷ See for example Howard, “Melbourne Press Club”; J. Howard, “A Stronger More Cohesive Society Canberra, ACT 6 August”, Keynote Address to the Mission Australia National Conference, *PM’s Media Centre: Speeches by Hon John Howard*, Canberra (6 August 2001), Available at <http://www.pm.gov.au/news/speeches/2001/speech1160.htm>; J. Howard, “Lunch Address on the Tiwi Islands 20 February”, *PM’s Media Centre: Speeches by Hon John Howard*, Canberra: Department of Prime Minister and Cabinet (20 February, 2001), available at <http://www.pm.gov.au/news/speeches/2001/speech763.htm>. These are themes reminiscent of Menzies who spoke of freedom in terms of individual responsibility (Brett 2003, 177)

⁵⁸ J. Howard, “Lunch Address on the Tiwi Islands 20 February”, *PM’s Media Centre: Speeches by Hon John Howard*, Canberra: Department of Prime Minister and Cabinet (20 February, 2001), available at <http://www.pm.gov.au/news/speeches/2001/speech763.htm>

⁵⁹ N. Dyrenfurth, “Battlers, refugees and the republic: John Howard’s language of citizenship”, *Journal of Australian Studies*, Vol. 84 (2005), p. 187.

⁶⁰ J. Howard, “Transcript of the Prime Minister the Hon John Howard MP Radio Interview with Jeremy Cordeaux, 5DN *PM’s Media Centre: Speeches by Hon John Howard*, Canberra: Department of Prime Minister and Cabinet (31 May 2001) available at <http://www.pm.gov.au/media/interview/2001/interview1078.cfm>.

provision in both the health and education sectors.⁶¹ “Australians”, Howard opined, “are fiercely independent and for that reason we demand choice – rejecting single “one size fits all” solutions imposed upon us by others.”⁶² The “limited but strategic” role of government includes ensuring that such choice is available.

This sponsorship of private providers had significant implications for the States. Traditionally, they have been the major providers of education and health services. Howard’s government channelled considerable Commonwealth resources towards private providers through measures such as the private health insurance rebate and increased support for the independent school sector thereby reducing the traditional role of the States. In its quest for choice, the Commonwealth is increasingly side-stepping the States whilst retaining significant control through regulation and the level of financial support. This sort of model effectively conceptualises the States as just another provider. The Commonwealth – State relationship is, in effect one between purchaser and provider; Commonwealth funds are handed over to the States and, in return, they are expected to deliver a slate of goods and services. Contained within the deal is an implicit threat that if they fail to meet their responsibilities, the Commonwealth will consider bypassing them, either by engaging additional providers, or funding consumers directly.⁶³

The second element in Howard’s economic thinking, which had implications for federalism, was his commitment to a single national economy. This too can be traced back to his early time in Parliament. While Howard firmly aligned himself with his party’s policy on federalism in his maiden speech, his reasons were interesting: it was imperative, he argued, that States be given fixed proportion of income tax revenue, not because this would allow them to determine their own policy directions, but rather because of his fear that without adequate income tax they may be forced to levy “direct, punitive and inflationary” taxes of their own and such actions would impact adversely on the *national* economy. He also rejected

⁶¹ Steele and Heald suggest privatisation can be understood in a variety of ways from simple ‘denationalisation’ (asset sales) at its narrowest to a broad reduction in state involvement in the market. [D. Steel and D. Heald, (eds) *Privatizing Public Enterprises: Options and Dilemmas* (London, 1984.)]

⁶² J. Howard, “Australian Day Address 25 January”, *PM’s Media Centre: Speeches by Hon John Howard*, Canberra: Department of Prime Minister and Cabinet (25 January, 2001), Available at <http://www.pm.gov.au/news/speeches/1997/pmonpm2.html><http://www.pm.gov.au/news/speeches/2001/speech670.htm>.

⁶³ See for example L. Taylor, “Ungovernable Australia”, *Australian Financial Review*, 19 June, 2004, p. 26; G. Moodie, “Training for a Radical Change”, *The Australian*, 27 October, 2004, p. 29; S. Lewis, “PM spends where it counts”, *The Australian*, 27 September, 2004, p. 11. See also Neal Ryan “A Decade of Social Policy under John Howard: Social Policy in Australia” *Policy and Politics*, vol. 33, no.3 (2005).

the idea of returning some taxing powers to the States, a key element of Fraser's "New Federalism". When senior Coalition figures raised the possibility of revisiting the issue in 1987, 1989 and again in 1991, Howard quickly quashed such speculation.⁶⁴ He was, he admitted, "a bit of a heretic" in the conservative ranks fearing that returning independent taxing powers to the States would, "encourage economic provincialism and fragmentation."⁶⁵ In one sense the GST was consistent with this approach. Although it offered the States access to considerable revenue, the GST was nevertheless a uniform *national* tax intended to replace a number of different State based taxes.

While the push for small government has implications for the States' role as service providers, Howard's conceptualisation of economic liberalism has justified other, profound changes in Australia's federal arrangements. Australia, Howard, argued operated as a single *national* economy and he couched changes in both education and training, and labour market regulation, in part at least, in terms of facilitating the operation of this *national* economy because "we are not six separate economies, we are one single economy".⁶⁶ "We are now emphatically and unalterably a single economic unit" in which State based industrial relations systems are anachronistic.⁶⁷ Hence, "labour market reform is not about transferring power from the States to the Commonwealth":⁶⁸

... we're not interested in a power grab, we're not interested in centralisation of power, we're interested in ratifying and underpinning the fact that this country is a single, even [sic] economic unit. And we should remove the impedients [sic] for the doing of business across State borders to the extent that they continue to exist.⁶⁹

In a 2005 speech delivered to the Sydney Institute, Howard elaborated on the limitations of a system based on multiple jurisdictions. The volume of overlapping awards and agreements

⁶⁴ Richard Hubbard, "Sinclair Wants States To Take Over Personal Tax Collection" *Australian Financial Review* (5 January 1987), p.1; T. Dodd, "Hewson Rebuked on State Taxes", *Australian Financial Review*, 14 March 1989, p. 3; M. Secombe and M. Millett, "Howard Sounds State Tax Warning", *Sydney Morning Herald*, 4 November 1991, p. 6.

⁶⁵ Secombe and Millett, "Howard Sounds Warning"

⁶⁶ J. Howard, "Address to the Eastern Electorates, Spring Dinner, Wantirna South, Melbourne 20 September", *PM's Media Centre: Speeches by Hon John Howard*, Canberra: Department of Prime Minister and Cabinet (20 September, 2005) available at <http://www.pm.gov.au/news/speeches/speech1578.html>.

⁶⁷ J. Howard, "Ministerial Conversations Lunch Seminar, the Great Hall, Parliament House 12 August", *PM's Media Centre: Speeches by Hon John Howard*, Canberra: Department of Prime Minister and Cabinet (12 August, 2005) available at <http://www.pm.gov.au/news/speeches/speech1505.html>.

⁶⁸ Howard, "Address at the Launch".

⁶⁹ Howard, "Address to the Eastern".

was a source of confusion for employers; an avenue for exploitation for unions; and a cost to the taxpayer who was forced to support separate tribunals, registries and bureaucracies.⁷⁰

The taxes they soak up would be better spent on hospitals, roads and schools. The complexity and uncertainty of different systems is bad enough. But the regulatory creep in our State systems has the capacity to strangle enterprise and productivity.⁷¹

A single national industrial relations system was merely a logical next step from national regimes for tax, and corporations and financial institutions.

Similarly, Howard, at times, justified Commonwealth intervention in education and training in terms of removing barriers to labour mobility within the country. It was not difficult for him to cite inconsistencies — qualified carpenters faced with the inconvenience and expense of undergoing a formal assessment to work in another State; licensed plumbers and gasfitters confronted different licensing regimes; privately trained hairdressers unable to work in States that demanded full apprenticeships. State governments, he observed, were often more interested in protecting their bureaucratic turf than in “fighting for the best outcomes for the trainee, industry and the country”.⁷² In relation to education, he had this to say:

the increased mobility of our population means that no fewer than 80,000 Australian students move from one State or Territory to another each year. And against this backdrop of the nationalisation of our economy and our society there is understandable frustration, even anger, at what they see as ... a failure to achieve uniformity when that uniformity will deliver obvious benefits.⁷³

In summary, much of the Howard’s case in support of his government’s economic reform activity was directed towards pursuing the one of the original drivers of Australian federalism, the creation of a truly national market. The constitution’s drafters wanted to

⁷⁰ J. Howard, “Address to the Sydney Institute, Workplace Relations Reform: the Next Logical Step, Four Seasons Hotel, Sydney 11 July”, *PM’s Media Centre: Speeches by Hon John Howard*, Canberra: Department of Prime Minister and Cabinet (11 July, 2005) available at <http://www.pm.gov.au/news/speeches/speech1455.html>.

⁷¹ *Ibid.*

⁷² J. Howard, “Address to the Australian Financial Review Conference, Skilling Australia, Langham Hotel, Melbourne, 20 September”, *PM’s Media Centre: Speeches by Hon John Howard*, Canberra: Department of Prime Minister and Cabinet (20 September, 2005), available at <http://www.pm.gov.au/news/speeches/speech1573.html>.

⁷³ J. Howard, “Address to the Menzies Research Centre, Melbourne, ‘reflections on Australian federalism’ 11 May”, *PM’s Media Centre: Speeches by Hon John Howard*, Canberra: Department of Prime Minister and Cabinet (11 May, 2005) available at <http://www.pm.gov.au/news/speeches/speech1320.html>.

remove State barriers to trade. Over the years, changes had been made to free capital and Howard continued the founders' work by removing impediments to the creation of a single, national labour market. One of the strengths of the Australian constitution is that it allows "sensible national standards to be developed". State based regimes in industrial relations, or in education and training, pose significant barriers to interstate trade. Their elimination is therefore consistent with both the demands of an economy operating in a globalised economy, and the original federal project. In recent speeches, Howard recalled when as a young solicitor,

... it was still necessary to engage interstate agents if you wanted to conduct legal work in different parts of the country. It hadn't been long before when the company formed in NSW that wanted to carry on [in] Victoria, had to register in Victoria as a foreign company.⁷⁴

Hence, Howard maintained that current changes to federalism can be seen as part of a continuous process of change and adaptation. Howard's economic liberalism underpinned his willingness to override the States in economic matters, but as we shall see, the implications of his self proclaimed social conservatism are less clear cut.

Social Conservatism

While the connection between Howard's economic liberalism and his approach to Australian federalism is relatively clear cut, the case in relation to his oft stated social conservatism is less so. This is partly because of a degree of confusion surrounding the terminology. Howard unapologetically identified himself social conservative:

I have often described myself... as somebody who is an economic liberal and a social conservative. I see no incompatibility between the two. ... And from my own personal point of view I have always thought that that mix best suits both the needs and the temper of contemporary Australian society.⁷⁵

But what did this social conservatism mean to him? Howard used the term "social conservatism" to encompass a conventional stance on a range of moral issues such as euthanasia, abortion, sexuality and drug use. In some ways, this is in accord with modern conservative thought. According to O'Sullivan, conservatives do not reject change absolutely

⁷⁴ Howard, "Ministerial Conversations Lunch".

⁷⁵ Howard, "Address at the Launch of the Publication".

but rather operate within a “respect for limits”.⁷⁶ They are opposed to a social libertarianism which sanctions any behaviours as long as they do not interfere with the rights of others. While Howard is cautious on a range of social issues, his conservatism is far from complete and he appears, however, to eschew other elements typically associated with conservatism. The social organicism; the respect for hierarchy and authority; and the multiple obligations which typify traditional conservatism are largely absent from his public statements. His social structure was not one in which the individual is bound by obligations to clan, creed, or caste, and instead he champions individual independence. These are classic liberal values and, as I argue below, have important implications for federalism. Moreover, as we shall see, he was selective in his defence of traditional institutions, championing only those he deemed on continuing use of which, as we shall see, federalism was not one.

Social Conservatism

Howard’s social conservatism did not automatically translate into a willingness to intervene in areas of State responsibility. From opposition, Howard indicated that in government he would be prepared to assume an enhanced role in relation to social issues. This is evident in his 1988 policy manifesto, “New Directions”. While the document was content to leave some issues such as aboriginal affairs, to the States, it promoted an enhanced Commonwealth role in relation to others. As a *Sydney Morning Herald* editorial tartly observed, there is, “... an unexplained willingness to assume a large degree of Federal involvement, as, for example in relation to education and law and order”.⁷⁷ As Howard himself said, “As Prime Minister, I would take a more upfront role in crime fighting and law enforcement”.⁷⁸

In his early years in government, Howard demonstrated he was quite prepared to exercise considerable influence over matters that were traditionally, and constitutionally, State responsibilities. In the debate over gun control following the Port Arthur massacre Howard dismissed states’ rights arguments in favour of achieving a national firearms regime. He was also unswayed by notions of regional self determination when it came to considering the Northern Territory’s controversial stance of euthanasia, and the introduction of heroin trials in the ACT. At the time, he told the *Sydney Telegraph*, he was prepared to intervene, not

⁷⁶ N. O’Sullivan, *Conservatism* (London, 1976), pp. 9-31.

⁷⁷ *Sydney Morning Herald*, “Howard’s Empty Manifesto”, *Sydney Morning Herald*, 5 December, 1998, p. 16.

⁷⁸ M. Steketee, “Howard hopes to succeed where Unsworth failed”, *Sydney Morning Herald*, 2 December, 1988, p. 17.

because, as Territories, they lacked the legal status of States but because he believed the Commonwealth had a responsibility to take a leadership role in social issues.⁷⁹

However, when Commonwealth authority was less clear cut, he declined to intervene despite holding strong views on the issue. For example, when quizzed in 1999 on the NSW government's plan to open safe injecting rooms for heroin users, Howard said that although he vehemently opposed the idea, the Commonwealth would only intervene if the NSW government's action breached federal law. As he saw it the matter was "entirely within the province of the States" and it would be "absurd" to expect the Commonwealth to solve every problem: "We are a federation. We have States and they demand the right to have their own say on things, well they have to accept responsibility. And if people are unhappy with what the New South Wales government's doing or the Western Australian government's doing, well they have a remedy at the next State election".⁸⁰

Despite his strong personal stance, Howard was far from willing to intervene in areas of State responsibility in relation to social and moral issues. While he refrained from imposing his views on the States in specific areas of social policy, his conceptualisation society and the position of individuals within it helps explain much about his attitude to federalism. One of the more abiding elements in Howard's political world was his prioritising of individuals and his rejection of group identification this rejection encompassed notions of allegiance to region as well as race, ethnicity and gender. Such a stance is more akin to a social liberalism than social conservatism.

Social liberalism

A rejection of group identity is an essential component of social liberalism. Calhoun argues that, although concerns with identity and belonging are universal, identity politics is an essentially modern social phenomenon.⁸¹ It emerges out of the disintegration of traditional kinship networks and the rise of individualism. Whereas in the past, individuals located themselves within the broader social world through reference to family, they now can assume multiple identities, identities derived from race and ethnicity, religion, gender and sexuality,

⁷⁹ M. Farr, "States' Champion Lays Down the Law", *Daily Telegraph*, 15 July, 1996, p. 11.

⁸⁰ J. Howard, "Transcript of the Prime Minister the Hon. John Howard MP Television Interview with Maxine McKew, 7.30 Report" 15 December 1999 PM's Media Centre: Speeches by Hon John Howard, Canberra: Department of Prime Minister and Cabinet (15 December 1999) available at <http://www.pm.gov.au/news/interviews/2000/doorstop2402.htm>.

⁸¹ Craig Calhoun "Social Theory and the Politics of Identity", in C. Calhoun (ed.) *Social Theory and the Politics of Identity*, (Blackwell, 1994), pp. 9-36.

and disability. Intrinsically caught up with these identities are notions of discrimination and disadvantage — indeed for some, these identities are defined by disadvantage which gives them their political edge and provides a guide to action. The notion of “political correctness” marked a measure of the success of these groups in claiming recognition for their identity and their disadvantage. Political critics marked their distaste for identity politics by rejecting “political correctness”, a term increasingly used disparagingly to dismiss the demands generated by identity politics.

In the mid 1990s, Howard embraced a rejection of “political correctness”, using his opposition as a slogan to distinguish himself and his government from that of his predecessor Paul Keating. In place of a government captured by special interests would be one which spoke to all Australians. It was “not a Government of political correctness but one committed to broad community values and practical outcomes on economic and social issues”.⁸² The stance resonated with sections of the community also fitted comfortably with Howard’s world view, a view that rejected group identities.

Brett argued that since the 1980s, Howard’s message has revolved around the twin poles of family and nation.⁸³ This schema leaves little room for other links – links to class, race, ethnicity, gender, sexuality or region. As Brett succinctly put it: “Family and nation are enough for anyone [and] other bases of social identity risk limiting freedom and dividing the nation”. Within this simple vision, there is only space for “community”, a product of Australians’ “great volunteer” spirit.⁸⁴ School Parents and Citizens Associations, country firefighters, and landcare groups can be accommodated because they do not cut across the core affiliations of family and country but rather can be understood as an extension of them, under the umbrella of his much vaunted “mateship”.⁸⁵ According to Dyrenfurth, Howard’s quarrel lies with “inappropriate” divisive contestation -- contestation over race, gender and sex.⁸⁶

Howard’s antipathy to affiliations with the capacity to cut across family and country is longstanding and underpins his much studied positions on race and ethnicity. For example,

⁸² Michelle Grattan, “PM Lashes Culture of Negativity” *The Age* (6 July 1996), p. 5; see also J.

Howard, “Speech Transcript Address to the Wondai Community, RSL Club (Wondai, Queensland 25 June 1998) available at <http://www.pm.gov.au/media/speech/1998/wondai.cfm>.

⁸³ J. Brett, “The New Liberalism”, in R. Manne (ed.) *The Howard Years* (Melbourne, 2004), p. 76. See also Brett 2003, 183-212.

⁸⁴ Howard, “Melbourne Press Club”.

⁸⁵ J. Curran, *The Power of Speech: Australian Prime Ministers Defining the National Image* (Carlton, 2004), p. 244-6.

⁸⁶ Dyrenfurth, “Battlers, refugees”.

Howard justifies his opposition to reconciliation with Aboriginal Australia in terms of national unity, preferring “needs based” policy to any form of affirmative action because, “I am strongly against dividing the country between black and white”.⁸⁷ A treaty would be “divisive”, and undermine his vision of “One Australia”.⁸⁸ Likewise, we can explain his well documented distaste of multiculturalism in terms of its potential to cut across people’s loyalty to Australia. “People come to [Australia] because they want to be Australians”, to join “our national family”, to become one of us, not as we might become, but as we are now.⁸⁹ Multiculturalism, as it developed in the 1980s, not only legitimated difference but locked people into their specific groups and limited their opportunity to participate in Australian society.⁹⁰ It therefore, had to be abandoned, in the cause of both national unity and individual freedom.

Class also poses a problem within Howard’s world view. His campaign against Keating was based, not only on a rejection of sectional interests, but also of class and class envy. This position was politically expedient – it provided the basis for his reconstruction of the Liberal Party after successive election defeats -- but it also formed an essential part of his thinking about Australia and Australians.⁹¹ It was an Australia made up of aspirational battlers, who have no need for old class based parties, or other class based organisations, such as trade unions. This position clearly informed his new industrial relations regime: it was about allowing individuals “to make the bargain that he or she thinks is best for that person’s individual circumstances and that person’s family”.⁹²

What does Howard’s rejection of identity politics have to do with federalism? Federalism is an institution devised to accommodate regional difference. This is most evident in places like Switzerland, Belgium and Canada where cleavages around language, religion and culture are deep and longstanding. Although such cleavages are absent in Australia, regional sentiments exert some pull. Almost two decades ago, Sharman pointed out State boundaries “represent

⁸⁷ cited in A. Markus, “Race Politics”, paper presented to Beyond Tolerance: a National Conference on Racism, HREOC Sydney (12-13 March 2002), available at http://www.hreoc.gov.au/racial_discrimination/beyond_tolerance/speeches/markus.html.

⁸⁸ A. Markus, *Race, John Howard and the Remaking of Australia* (Crows Nest NSW, 2001), p. 86.

⁸⁹ J. Howard, “Address to the National Press Club, Great Hall, Parliament House 25 January”, *PM’s Media Centre: Speeches by Hon John Howard*, Canberra: Department of Prime Minister and Cabinet (25 January, 2006), available at <http://www.pm.gov.au/news/speeches/speech1754.html>.

⁹⁰ B. Galligan and W. Roberts, “Australian Multiculturalism: its Rise and Demise”, paper presented to the Australasian Political Studies Association Conference, University of Tasmania, (29 September – 1 October, 2003)

⁹¹ Brett, “The New Liberalism”.

⁹² Howard, “Address at the Launch”.

real discontinuities between distinctive patterns of social interaction”⁹³. The States were, he argued, distinct political communities, with their own set of political allegiances. More recently, Vromen and Gelber contend, “cultural federalism is for the most part subtly pervasive and widespread”, reflected in recent constructions in sport and other cultural arenas and reinforced by the federal structure of political parties and other key institutions.⁹⁴ Smith argues that despite the elusiveness of State differences, people continue to identify themselves with reference to their State.⁹⁵ This is especially true in the peripheral States of Tasmania, Western Australia, and Queensland. Indeed State premiers in these States have a long tradition of appealing to parochial sentiments.

Howard had no time for such regional allegiances and hence no sympathy for a cultural federalism. He definitively rejected any State allegiance or identification: “State and provincial loyalties which tug against the national interest should have no place in the modern Australia”.⁹⁶ Elsewhere, he stated, “I don’t actually believe in states’ rights as such. I believe that we’re all Australians. I’ve never seen myself, even though I grew up in Sydney, I’ve never seen myself as a New South Welshman.”⁹⁷ At another time, he added,

Much ... as I love the city in which I grew up I have never felt any personal identification with the State. Perhaps this varies according to where you grew up. But a sense of commitment to the unity and the wholeness of the Australian nation is something that I think is very important to Australian Liberals.⁹⁸

It was a stance he claimed was shared by others in the community telling a Perth radio audience:

⁹³ Campbell Sharman, “Governing Federations,” in MC Wood, C Williams, C Sharman, (eds) *Governing Federations: Constitutions, Politics, Resources*, (Sydney, 1989), p. 3

⁹⁴ A. Vromen and K. Gelber, *Powerscape* (Crows Nest NSW, 2005), p. 115.

⁹⁵ R. Smith, *Australian Political Culture* (Sydney, 2001), p. 291-3.

⁹⁶ J. Howard, “Australian Day Address 25 January”, *PM’s Media Centre: Speeches by Hon John Howard*, Canberra: Department of Prime Minister and Cabinet (25 January, 2001), Available at <http://www.pm.gov.au/news/speeches/2001/speech670.htm>.

⁹⁶ John Howard “Transcript of the Prime Minister the Hon John Howard MP interview with Tim Cox, ABC Tasmania” <http://www.pm.gov.au/news/speeches/2001/speech670.htm>.

John Howard “Transcript of the Prime Minister the Hon John Howard MP interview with Tim Cox, ABC Tasmania” <http://www.pm.gov.au/news/speeches/2001/speech670.htm>.

⁹⁷ John Howard 24 May 2000 “Transcript of the Prime Minister the Hon John Howard MP interview with Tim Cox, ABC tTasmania” <http://www.pm.gov.au/news/speeches/2001/speech670.htm>

⁹⁷ John Howard 24 May 2000 “Transcript of the Prime Minister the Hon John Howard MP interview with Tim Cox, ABC tTasmania” (24 May 2000) available at <http://www.pm.gov.au/media/interview/2000/abc2405.cfm>

⁹⁸ Howard, “Address at the Launch”.

Over the last few years people are becoming more interested in outcomes as they affect the whole country, as to how they affect their local community and the ideal of State loyalties is no where near as strong as it used to be.⁹⁹

Howard's reluctance to identify with State sensibilities extended to the sporting field. He resolutely refused to take sides in the much hyped State of Origin Rugby League contest declaring "when it comes to State of Origin I don't take sides. I don't".¹⁰⁰

Of course, the Prime Minister was acutely aware of parochial sensibilities. Speaking to an audience in Innisfail, he made this abundantly clear saying:

I may come from Sydney, but I got to tell you [sic] that the people of Queensland have always been so kind to me, I could never barrack against the [Queensland] Maroons, I can tell you that. I could never do that, not in a month of Sundays.¹⁰¹

But at other times he has recognised that State constituencies expect their ministers to defend their interests. In answer to criticism that Peter Costello did not do enough to secure a valuable ship-building contract for Victoria, Howard declared: "Peter did not let Victoria down. Peter has never let Victoria down in the representations fairly made but at the end of the day, I never go into a Cabinet meeting batting for New South Wales because I was born in Sydney. I never have and I never will because I don't believe you should operate that way."¹⁰²

Kelly argues Howard's emphasis on the *national* is a canny politician's reading of the electorate.¹⁰³ This may be the case, but it is a reading which is in accord with his own world

⁹⁹ John Howard "Transcript of the Prime Minister the Hon. John Howard MP Interview with Liam Bartlett, Radio 6PR, Perth," (4 July 2006), available at <http://www.pm.gov.au/news/interviews/Interview2008.html>.

¹⁰⁰ John Howard, "Transcript of the Prime Minister the Hon John Howard MP Interview on Radio 2HD, Newcastle" (16 May 2001) available at 8 see also John Howard, "Interview Transcript of the Prime Minister the Hon John Howard MP Interview with John Miller & Ross Davie Radio 4BC" (13 August 2004), available at <http://www.pm.gov.au/media/interview/2004/Interview1068.cfm>; John Howard, "Interview Transcript of the Prime Minister the Hon John Howard Press Conference, Parliament House Canberra (11 June 2003), available at <http://www.pm.gov.au/media/interview/2003/Interview219.cfm>.

¹⁰¹ John Howard, "Transcript of the Prime Minister the Hon John Howard MP Speech Transcript Address to Community Afternoon Tea Innisfail, Queensland" (31 July 2006) available at <http://www.pm.gov.au/media/speech/2006/speech2048.cfm>.

¹⁰² John Howard "Transcript of the Prime Minister the Hon. John Howard MP Interview with Neil Mitchell, Radio 3AW Melbourne," (3 June 2005), available at <http://www.pm.gov.au/media/interview/2005/Interview1414.cfm>.

¹⁰³ Paul Kelly 2006. *Howard's Decade An Australian Foreign Policy Reappraisal* Lowy Institute Paper 14.

view, a world view which rejects identity politics in favour of a commonality based on family, community and nation.

Conclusion

This paper has argued that ideas have influenced John Howard's understanding of federalism. These are not the ideas of grand theory, nor are they drawn from "doctrine" as the Liberal Party reminds us. Australian liberalism, as articulated by the Liberal Party, is not a "predetermined abstract theory" but "an attitude of mind and faith".¹⁰⁴ There is more to liberal thinking than a set of values or belief, however. According to Menzies, it also offers a way of thinking about policy problems, which was not determined by doctrine in any sort of formulaic way but rather informed by the liberal "attitude". It is an attitude which has shaped the Party's approach to federalism.

The Liberal Party has long championed federalism in principle but, in practice has tempered it with other considerations. In the 1950s and early 1960s Menzies willingly utilised the increased central power bequeathed by Labor, and in the late 1960s, Gorton sought to expand the role of the Commonwealth particularly in areas of social policy. In the 1970s, Fraser's "New Federalism" promised a renegotiation of Commonwealth State financial arrangements but delivered little in the way of concrete change. Most recently, Howard continued the trend of increasing centralisation. While it is easy to attribute the inconsistency to simple lip service to principle in the face of political realities, there is an alternative explanation which focuses on values rather than doctrines, or institutions for that matter. These values provide a guiding light, a direction and a rationale for change. According to Howard, we, as Australians, "revere our democratic national institutions" and see change as risky (Howard 1998b). Nevertheless, while we:

... celebrate that marvellous capacity we have as Australians to choose many of those things from our past and our heritage that work and are of value ... we exercise the discretion and the wisdom to put aside those that do not suit the Australian ambience and the Australian attitude.¹⁰⁵

¹⁰⁴ R.G. Menzies cited in A.A. Staley and J.R. Nethercote, "Liberalism and the Australian Federation" I A.A. Staley and J.R. Nethercote, *Liberalism*, p. 9.

¹⁰⁵ January", *PM's Media Centre: Speeches by Hon John Howard*. Canberra: Department of Prime Minister and Cabinet. (1.January 2001) available at <http://www.pm.gov.au/news/speeches/2001/speech633.htm>.

Hence, institutions, such as federalism, must bend to the broader values of economic liberalism, social conservatism, and a classical sort of social liberalism. Two tenets of Howard's economic liberalism had profound implications for his approach to federalism; these were his support for the principle of small government and his commitment to building a single national market. The former expressed itself, not as a diminution in the role of government but rather the withdrawal of government from the direct provision of services. This had important ramifications for the states as the primary deliverer of services especially in health and education. The latter also affected education, and contributed one of the rationales for the reconstruction of labour market regulation in Australia. Howard proved less willing to intervene in areas of state responsibility in the cause of social conservatism but his social liberalism meant that he had little sympathy for regional identification, promoting instead an allegiance to the Australian nation. Howard's federalism is thus informed by the goal of building a single nation, with a single, national economy and a single, national identity.