AUSTRALIAN NEOLIBERAL THINK TANKS AND THE BACKLASH AGAINST THE WELFARE STATE

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Following the Great Depression and World War Two, there was a broad consensus in favour of increased public spending to address social inequities. Friedrich Hayek and other classical liberal philosophers who opposed any interference with the free market were effectively marginalised. However, over the last 25 years, classical liberal ideas have enjoyed a remarkable international revival to the point where they can reasonably be described as constituting a new political orthodoxy (Deakin, 1987:46-53; George, 1997:47-48).

Their revival has been greatly assisted by an international conglomerate of neoliberal think tanks generously funded by corporate resources. These think tanks trace their origins to the relatively obscure Mont Pelerin Society founded by Hayek in 1947 as an international forum for classical liberal ideas. As noted by Cockett (1994:4-5), the think tanks largely mirror the earlier successes and methods of the left-wing Fabian Society in their commitment to converting a generation of opinion formers and politicians to a new set of ideas.

Think tanks have arguably been able to not only shape the policies of individual governments, but have also succeeded in moving the whole policy debate to the Right. According to Beder (1997:88), the free market ideas promoted by the think tanks have become hegemonic not only amongst conservative parties, but even within traditionally social democratic groupings. They have become publicly accepted as self-evident truths against which there is no other alternative.

Think tanks have helped to popularise and target neoliberal ideas that emphasise behavioural rather than structural explanations of poverty and disadvantage. These ideas assume that people are poor or unemployed due to incompetence or immorality, rather than due to inequalities in wealth and income, or inadequate public sector investment. They also suggest that the welfare system *per se* contributes to the entrenchment of poverty and dependent behaviour.

The think tanks claim to be politically independent, and to be offering impartial and disinterested expertise. They insist that their intellectual integrity and hence credibility is protected by their multiple sources of income (Stone, 1996:117; Lindsay, 2000). However, critics argue that they are generally partisan, motivated by political and ideological bias, practice the art of directed conclusions, and have more in common with corporate-funded vested interest groups or pressure groups concerned with political activism and propaganda than with genuinely academic or scholarly institutions (Beder, 1997:75-77; Bone, 2000).

Neoliberal think tanks have been particularly prominent and influential in the Anglo-Saxon countries. However, their impact seems to have involved mainly broad intellectual and ideological reinforcement, rather than direct and decisive links with particular pieces of legislation (Denham & Garnett, 1996:52-53). Their role appears to have been significant in terms of offering accessible policy options which are publicised by the mass media, and consequently help to influence the climate of opinion - whether that of the general public or the leaders of political parties. It is more difficult, however, to precisely document or measure their input into specific policies (Denham & Garnett, 1998:17; Abelson, 2002:3-5 & 163-171).

For example, major US think tanks include the Heritage Foundation, and the Cato Institute. The Heritage Foundation has a budget of over $25 million per year, of which almost ninety per cent is raised from more than 6,000 private donors. Both organisations appear to have exerted considerable impact on the Reagan Government's policy agenda, and later the 1996 passage of the Personal Responsibility and Work Opportunity Reconciliation Act (O'Connor, 1999:148; Feulner, 2000:69 & 76).

Similarly, in Britain, the Institute of Economic Affairs and the Centre for Policy Studies appear to have been significant intellectual influences on the Thatcher Government (Cockett, 1994), but probably had only limited input into specific policies (Desai, 1994:34-35; Denham, 1996:170; Denham & Garnett, 1996:52-54). Numerous think tanks also exist in Europe, Canada, and Latin America (Beder, 1997:78-81; Balanya *et al*, 2000:17-18).

In Australia, a number of academic-style think tanks were established and/or revived in the late 1970s/early 1980s. They included most prominently the Tasman Institute, the Australian Institute for Public Policy, the Institute of Public Affairs (IPA), and the Centre for Independent Studies (CIS). Some of these think tanks were directly modelled on similar institutions overseas, and consequently described by critics as mere derivatives or clones (Pusey, 1991:227; Beder, 1997:82).

Yet, the transposing of Anglo-American ideas onto the Australian policy agenda proved highly successful. Australian think tanks have vigorously promoted neoliberal ideas concerning economic liberalisation, privatisation, competition reform, labour market deregulation, reduced government spending, and lower taxation. These ideas have been targeted at elite opinion, and have succeeded in achieving hegemony over the political agendas of both labor and conservative governments (Pusey, 1991:228; Marsh, 1995:79).

The think tanks have also adopted a common position of hostility to the welfare state, and a preference for greater charitable or private welfare. Their campaigns have suggested that, since free market principles were now dominant in the macro-economics sphere, they should also logically be applied to the welfare state (Smyth, 1995:51). Attention is drawn here to the activities of the two most vigorous critics of the welfare state, the IPA and the CIS.

The Neoliberal critique of the Welfare State

Both the IPA and the CIS broadly subscribe to what may be called the neoliberal critique of the welfare state that incorporates many of the older classical liberal doctrines of Adam Smith, Friedrich Hayek, and Milton

Friedman. The overriding objective is the application of free market principles to welfare provision. In Australia, the term 'economic rationalism' is also popularly used to describe these ideas. The neoliberal critique comprises five related themes – the problem of interest group capture of the welfare state, the case for labour market deregulation, the attack on welfare dependency, the distinction between the deserving poor and the undeserving poor, and the promotion of voluntary or charitable welfare – which have been described in detail elsewhere (Mendes, 1998:69-73).

It should be emphasised that neoliberal think tanks do not promote these ideas in isolation. Other important sources of neoliberal influence in Australia include sections of the media such as the *Australian Financial Review* and influential journalists such as Alan Wood, Christopher Pearson and Piers Akerman, academics such as Judith Sloan and Peter Dawkins, senior econocrats in Canberra such as Ted Evans and Ian Macfarlane, business economists and financial analysts, overt corporate lobby groups such as the Business Council of Australia, and significant groupings within the mainstream political parties. The think tanks constitute one specific component of this larger 'economic rationalist' coalition (Argy, 1998:56-57 & 231-239; Stone, 1998:153 & 157).

However, the Institute of Public Affairs (IPA) and Centre for Independent Studies (CIS) are particularly significant for four reasons.

Firstly, they are absolutely dedicated to promoting the dismantling of the welfare state, and are rarely side-tracked by short-term pragmatic political concerns or alliances. Consequently, they are free (unlike political parties) to promote radical ideas that go beyond the conventional wisdom (Cahill, 2002:24). They actively seek, rather than fear, public controversy in order to give prominence to their ideas (Norton, 2002).

Secondly, unlike formal corporate lobby groups such as the Business Council of Australia, they are not bound by any obligation to promote the specific interests of local corporations. Both the CIS and IPA seem particularly wedded to idealistic notions of free trade that are most likely to benefit larger companies and financial interests that are integrated into the global economy (Stilwell, 2000:51-52). For example, they have

vigorously condemned instances of economic nationalism, and supported ratification of the proposed Multilateral Agreement on Investment on the grounds that foreign investors should be entitled to the same rights as local producers'(Warby, 1999; Switzer, 2001; *Precis*, February 2002:9).

Thirdly, their criticism of state welfare is based on a popular synthesis of social conservative and economic liberal concerns. This synthesis serves to break down the traditional tension between free market ideas and conservative social values such as family, authority and self-help, although it is arguable that a deregulated labour market will inevitably undermine traditional social institutions such as the nuclear family (Toohey, 1996:11).

Finally, they persistently claim to be independent and objective purveyors of truth, uninfluenced by vested or sectional interests. Consequently, their pronouncements, however extreme or bound by ideology, are often granted greater legitimacy and receive less critical public attention than the views of organisations holding more obvious political links and interests. For example, the 2000 CIS publication *Behavioural Poverty* attracted significant praise in the mass media despite evidence that it was "littered with basic errors of fact, logical anomalies, and breaches of the accepted standards of academic research" (Australia Institute, 2000).

The Institute of Public Affairs (IPA)

The IPA, Australia's oldest right-wing think tank, says it stands for 'the free society and free enterprise, prosperity and full employment, the rule of law, democratic freedoms, security from crime and invasion, and high standards in education and family life' (IPA, 2002). Founded in 1943 as a response to the Labor's party federal election victory, the Melbourne-based IPA originally represented a compromise between older *laissez-faire* views and the new belief in a Keynesian mixed economy. Whilst its initial emphasis was on shoring up free enterprise and opposing the drift to socialism, it also acknowledged the need for state welfare and greater government intervention in the economy (Hay, 1982).

The IPA was rejuvenated in the early 1980s by Rod Kemp, now Assistant Treasurer in the Federal Liberal Government. Kemp acquired funding from large corporations such as BHP and the National Australia Bank, expanded staff, and opened interstate offices in New South Wales and Western Australia (Ward, 1988:23-24). The revived IPA promoted hard-line free market ideas, opposing any government attempts to promote a fairer distribution of wealth or income (Carroll, 1998).

Dismantling Welfare

The IPA has consistently advocated the retrenchment of the welfare state. Particular themes raised include the subsidization of immoral and irresponsible behaviour, the undermining of the traditional family, the presence of work disincentives and the associated growing welfare dependency of working-age people, the "crowding out" of private welfare based on genuine individual compassion, the deliberate exaggeration of poverty rates, and the unsustainable growth in welfare expenditure (*IPA Review*, 1979-2002).

For example, as early as 1980, the IPA argued that the welfare system discouraged people from entering the workforce and was excessively costly to administer, and suggested that the government consider abolishing the Department of Social Security (*IPA Review*, October-December 1980:76-79). The IPA also suggested that the welfare state had undermined family responsibilities, claiming, for example, that the provision of single parents benefits had encouraged family breakdown (Clarnette & Moore, 1988:18-19).

A subsequent 1994 IPA publication argued for massive cuts to social expenditure in order to reduce social welfare dependency. It was suggested that this proposal would produce important social and economic benefits, including lower taxation, and greater employment and economic activity (Moore, 1994).

More recently, the IPA has argued that the welfare system is unsustainable, undermines productive savings and investment and traditional family life, and that harsh measures such as an extension of 'work for the dole' to sole parents and the disabled are required to

address welfare dependence (Warby & Nahan, 1998; Nahan, 2000a; Warby, 2000). IPA Director Mike Nahan advocates the concept known overseas as "tough love" - that is "the use of sanctions such as time limits, reduction in benefits, reduction in range of benefits, to motivate, and if necessary to force, people to take steps to get themselves off the system" (Nahan, 2000b).

The IPA is highly critical of welfare lobby groups such as the Australian Council of Social Service (ACOSS), accusing them of pursuing their own narrow professional interests at the expense of the poor. For example, the IPA has contested the alleged existence of high poverty rates in Australia, arguing to the contrary that poverty rates in Australia are relatively small, that the Henderson Poverty Line measures income inequality which is not the same as poverty, and that welfare lobby groups (pejoratively labelled the 'poverty industry') deliberately exaggerate poverty rates out of 'self interest' (Nahan, 1999b).

Similarly, IPA Senior Fellow Gary Johns recently accused ACOSS and other welfare lobby groups of receiving more than three million dollars of government funding per year under false pretences. Johns suggests that information about ACOSS' real activities is denied to the public (Johns 2002). The IPA has also directed attacks at Australian churches for their support of social justice measures, including increased welfare spending (Clarnette & Moore, 1988).

Contributors to the IPA's publications on the welfare state have included local writers such as Michael James, Mike Nahan, Des Moore, Michael Warby, John Hyde and John Stone, and also prominent international neoliberals such as Michael Novak from the American Enterprise Institute (*IPA Review*, 1979-2002).

Corporate Funding and Support for IPA

The IPA enjoys annual funding of approximately one million dollars (IPA, 2002). Regular publications include a glossy quarterly journal, *IPA Review*, a shorter information booklet presenting economic and social data, *Facts*, and a quarterly newsletter, *In Touch*.

In addition to core funding, individual IPA projects often attract generous support from corporate donors. For example, the 1991 Project Victoria received $250,000 funding from a wide range of peak business groups including the Business Council of Australia, the Real Estate Institute of Victoria, and the Victorian Employers Federation (Moore & Porter, 1991).

The IPA receives support from the elite of the business community. This includes substantial corporate finance from its 700 corporate members, and the active participation of influential corporate leaders. For example, key IPA figures have included Charles Goode, Chairman of Potter Partners; Nobby Clark, Managing Director of the National Australia Bank; Western Mining Corporation Chief Hugh Morgan; and Sir James Balderstone, Chairman of BHP. Other Board Members have included representatives of McDonalds, Mayne Nickless, Phillip Morris, Shell Australia, and ACI International (Ward, 1988:23-25; Kelly, 1992:47-48).

The current IPA Chairman is John Prescott, formerly CEO of BHP, and now Chairman of Horizon Equity. His Board includes representatives of leading companies such as Clough Limited, Rio Tinto, ANZ Banking, AMP Limited, and Deutsche Bank (*In Touch*, February 2000).

The IPA does not publicly list its individual donors, but it has been suggested that major financial contributors include Rio Tinto, Western Mining, Philip Morris, Telstra, and News Limited (Littlemore, 2001:7). Historically, the IPA appears to have attracted particular financial support from the mining industry. The IPA is renowned, for example, for its vigorous critiques of Aboriginal or environmental groups which seek to block mining ventures. Beder (1997:82) estimates that almost one third of IPA's annual budget comes from a combination of large mining and manufacturing companies.

Although there appears to be an obvious conflict of interest between the IPA's receipt of corporate funding and its claim to research independence (Manne, 1999; Littlemore, 2001), the IPA continues to deny that its views are influenced by the vested interests of its key funders (Hyde, 1992:23; Nahan, 1999a). According to an official IPA statement:

> Our funding base is wide and diverse. Unlike some other institutions, we do not accept government funding, nor are we beholden to, or the mouthpiece for, any particular section of the community or any particular economic activity or group. Our annual budget is obtained from more than 2,000 individuals, corporations and foundations. No single source accounts for more than 7 per cent and no sector accounts for more than 15 per cent of total funds' (IPA, 2002).

The IPA's statement may be technically true, but it fails to acknowledge that its supporters tend to hold homogeneous views on most issues, including a strong commitment to global rather than national markets. Only 15 per cent of funding may come from the mining industry *per se*, but this matters little if most of the other 85 per cent comes from sources that endorse the same ideological principles as the mining lobby. And ultimately think tanks (unlike political parties which are accountable to the broader electorate) are answerable only to their financial backers.

Overseas Guests and Connections

The IPA regularly sponsors lecture tours by prominent international neoliberals. These guests have been influential in shaping the Australian political agenda (Pusey, 1991:228). Notable guests have included, for example, Peter Grace, Chairman of the Reagan Government's Grace Commission into cutting government regulation and costs; the former US Ambassador to the United Nations, Jeane Kirkpatrick, speaking on foreign policy; and British political scientist, Professor Kenneth Minogue, on "Margaret Thatcher and the Battle for Britain". These lecture tours took place in the mid 1980s.

More recently, British economist Lord Skidelsky undertook a May 1999 lecture tour for the IPA which included the Charles Kemp Memorial Lecture. Skidelsky spoke on the demise of collectivism, the rise of economic freedom, and the "moral hazards" created by the welfare state. A number of these conferences have been organized in association with overseas think tanks such as the American Enterprise Institute (Ward, 1988:26; *In Touch*, 1996-2002).

Policy and Political Influence

The IPA maintains a significant influence on public policy debates. Its current director, Mike Nahan, has a regular column in the *Herald Sun*, the Melbourne tabloid that enjoys the largest circulation of any Australian newspaper (Putnis, 2001:73). IPA representatives also regularly contribute to other daily newspapers such as the *Australian Financial Review*, the *Brisbane Courier Mail*, *The Australian*, and *The West Australian* (*In Touch*, March/April 1996 & February 2000). For example, a recent contribution by IPA Senior Fellow Gary Johns vigorously attacked ACOSS, the Smith Family, and other welfare lobby groups (Johns, 2002).

The IPA also maintains links with and influence over both the major political parties.

According to former IPA researcher Michael Warby (1999b), himself once a member of the Federal Council of the Liberal Party, the IPA is "closer to the Liberal Party than other political parties, due to shared values". For example, a number of prominent conservative Ministers and Members of Parliament have been closely associated with the IPA, including current Federal Ministers David and Rod Kemp, former Liberal MP John Hyde, and former National Party Senator and Treasury Head, John Stone. In addition, the current IPA Treasurer, Dr Robert Officer, was appointed Chair of the Federal Liberal Government's 1996 Commission of Audit. The Audit predictably recommended that governments should become more selective in their activities, and cease to provide health and welfare services that individuals and families could purchase in the private sphere (Officer, 1996).

The IPA also retains links with the Australian Labor Party, and currently employs former Keating Government Minister Gary Johns as a Senior Fellow. Michael Warby admits that the former Hawke and Keating Governments introduced a number of policies, including better targeting of welfare "which we heartily endorse...Indeed there is a very good argument that the ALP government engaged in more thorough economic reform than a Liberal Government would have" (Warby, 1999).

The Centre for Independent Studies

The CIS was established in 1976 by Greg Lindsay, a Sydney high school teacher. The Centre was specifically modelled on a number of overseas libertarian think tanks, including the Institute of Humane Studies at George Mason University, and the British Institute of Economic Affairs. It advocates an economy based on free and competitive markets, and individual liberty and choice, including freedom of association, religion, speech, and the right to property (Beder, 1997:81). The right to unlimited private property is to take precedence over competing social rights to decent employment, health, housing, and education.

The CIS generally works more closely with academics than with politicians. For example, its 20 person Advisory Board is comprised of local and international professors, including British political scientist Kenneth Minogue and IPA Treasurer, Bob Officer. Whilst the CIS has always been involved in public policy debates, it has emerged as a particularly significant force in recent debates around the future of the welfare state.

Dismantling Welfare

The CIS regards the existing welfare state as a threat to individual liberty and freedom. Some of the particular issues raised by the CIS include a preference for private or charitable welfare based on genuine individual compassion and personalised service over state welfare, concern about increasing welfare dependency and an associated decline in moral values, and a belief that continued poverty can be attributed to personal irresponsibility rather than material disadvantage (Green, 1991; Cox, 1992; James, 1992; Minogue, 1997; Kerr, 1999; Saunders, 2002a:43-53; *Policy*, 1985-2002).

For example, a 1989 CIS publication argued that state welfare was fundamentally defective due to its promotion of dependency rather than self-reliance, its capture by self-interested lobby groups, and its association with a coercive taxation system. The author recommended

that the welfare state be replaced by voluntary welfare provision (James, 1989).

A 1990 CIS publication made more detailed proposals for charitable welfare, arguing that taxpayers be permitted to switch at least some of their welfare dollars from government departments to voluntary welfare agencies of their own choice. It was claimed that voluntary organisations are better at delivering welfare programs. This is said to be due to a discretionary approach that allows for a case-by-case assessment. Voluntary agencies are said to discourage dependency, and to encourage behavioural change. Government programs, in contrast, are said to encourage dependency and to go to those least in need (Goodman & Nicholas, 1990).

Similarly, a 2000 publication by CIS Senior Fellow, Wolfgang Kasper, argued that the welfare state had failed on moral, fiscal, economic and social grounds. The existing system allegedly promotes lobby groups and injustice, and endangers freedom and private property. The recommended solution is to consider the abolition of the entire welfare system within 25 years, and replace it with private family and voluntary provision (Kasper, 2000).

The CIS is currently publishing a six part series on the welfare state titled *Caught in the Net: Six Essays on Welfare Systems and Family Functioning*. This series comes under the auspices of its Social Policy Research Programme headed by Dr Peter Saunders (not the Peter Saunders who is Director of the Social Policy Research Centre). Saunders is a former Professor of Sociology at the University of Sussex, and also acted recently as the Research Manager of the government-funded Australian Institute of Family Studies. The introduction of this series significantly coincided with the Federal Liberal Government's review of the Australian welfare system that was designed to reduce welfare dependency among people of workforce age (Reference Group on Welfare Reform, 2000).

The first series publication, *Behavioural Poverty*, argues that poverty is the result of immoral or irresponsible behaviour. Unconditional welfare payments encourage such behaviour by eliminating incentives for self-reliance. Rights-based welfare is largely responsible for creating sole

parenthood, youth homelessness, the drug problem, begging, juvenile crime, and youth suicide. The recommended solution is to reinstate obligations of honesty, hard work, and independence on welfare recipients (Sullivan, 2000). The Spring 2001 issue of the CIS quarterly journal, *Policy*, contained no less than five articles attacking the existing welfare state. The CIS has also attacked the Australian Bureau of Statistics report, *Measuring Australia's Progress*, for equating social progress with reduced income inequality (Saunders, 2002b).

The CIS shares the IPA's hostility to ACOSS and the welfare lobby, and its campaign for more adequate welfare payments. For example, the CIS attacked the non-government charity, the Smith Family, for allegedly exaggerating poverty levels in Australia. The Smith Family argued that poverty levels had risen during the 1990s from 11 per cent to 13 per cent - to the point where one in eight people were living in poverty in 2000 (Harding *et al*, 2001). According to the CIS, poverty had actually decreased from 11 per cent to 8 per cent, and the Smith Family had confused increased inequality with worsening poverty. According to the CIS, welfare lobby groups such as the Smith Family make misleading and inflated claims about poverty in order to promote an egalitarian political agenda of income redistribution. Instead, they argue, we should be reducing state benefits, and encouraging greater self-reliance (Tsumori *et al*, 2002; Saunders, 2002c).

In a further attack, the CIS accused ACOSS of deliberately exaggerating the level of poverty in Australia. According to the CIS, ACOSS campaigns for fairer income distribution were driven by a "politics of envy" (Saunders & Tsumori, 2002:36).

The CIS also has a long record of hostility to church social justice groups concerned with a fairer distribution of wealth and income. For example, the CIS has established a "Religion and Free Society" program in order to combat left-wing influences within Australian churches, and instead promote theological arguments in favour of wealth creation and the free market. The program has strongly condemned church involvement in the Jubilee 2000 campaign to relieve Third World debt (Gregg, 1999). Recently, its convenor, Dr Samuel Gregg, was appointed as research consultant to the Anglican Church's study of work and wealth

distribution. Gregg succeeded in influencing the Church towards adopting a pro-free market perspective (Anglican Church 2001).

Corporate Funding and Support

The CIS commenced with modest funding of $40,000 per year acquired from mining magnate Hugh Morgan's WMC and five other companies (Kelly, 1992:47). Over time, the annual budget has progressively increased to approximately $1.6 million dollars in 2001 (*Precis*, February 2002:17).

Support comes primarily from several hundred companies including McDonalds Australia, Shell Australia, ANZ Banking Group Limited, Macquarie Bank, the Pratt Foundation, and Philip Morris Corporate Services, plus individual donors and subscribers (Sullivan, 2000:vii; *Precis*, June 2001:6-8 & February 2002:8-9). The 18 person CIS Board of Directors includes a number of prominent bankers, financial advisers, and other corporate identities including Robert Champion de Crespigny, John Phillips, Steven Skala, and the former New Zealand Finance Minister, Ruth Richardson (*Precis*, February 2002:19).

Regular CIS publications include a quarterly academic journal, *Policy*, modelled on the US Heritage Foundation's *Policy Review*, a quarterly newsletter, *Precis*, and numerous issue-based monographs and books.

Overseas Guests and Connections

The CIS relies heavily on international visitors and contributors, and has used these connections to influence the Australian political agenda. Some of the more prominent overseas guests have included Friedrich Hayek, Milton Friedman, Institute of Economic Affairs Chairman Lord Harris, Rupert Murdoch, economist James Buchanan, IEA researcher David Green, and Wisconsin Governor, Tommy Thompson, the father of so-called 'welfare reform' in the USA (*Precis*, 1996-2002; Ward, 1988:14-17).

The CIS brought out influential American neoliberal political scientist Charles Murray in 1987 to speak at a conference on 'welfare dependency'. Murray urged the abolition of all welfare payments in order to force welfare dependent individuals to rely on their own resources and those of friends and family. The proceedings of this conference were subsequently published as *The Welfare State* in 1989 (James, 1989). Murray's visit served to popularise behavioural explanations of poverty within Australian political discourse, and his arguments appear to have influenced the Howard Government's subsequent rhetoric regarding 'welfare dependency' (O'Connor, 2001:230).

The CIS is also closely associated with the international Mont Pelerin Society, and hosted the Society's first Pacific Regional Meeting in 1986. Its Executive Director, Greg Lindsay, is a Vice-President of the Society (Cockett, 1994:307; Lindsay, 1997).

Public and Political Influences

The CIS enjoys a high media profile with many of its visiting speakers and publications attracting regular coverage in state-based and national newspapers. For example, the CIS's monograph, *Behavioural Poverty*, received a barrage of publicity, including coverage on most major radio stations, the highest-rating national current affairs television program, and most daily newspapers (Brennan, 2000:1). The CIS's subsequent attack on the Smith Family in January and 2002 also received substantial media coverage, comprising over 20 radio and five television references, and 70 print articles including editorials in three major metropolitan dailies (*Precis*, February 2002:16).

Similarly to the IPA, the CIS works with members of all political parties. For example, the Federal Minister for Employment Relations, Tony Abbott, has been a regular contributor to CIS forums and publications. New South Wales Labor Premier Bob Carr and maverick Federal Labor MP Mark Latham also appear to have been supporters in the past. Both Carr and Latham have been listed on the back page of the quarterly CIS journal as prominent *Policy* readers.

Political Influence of Neoliberal Think Tanks on Labor and Liberal Governments

To date, there has been no authoritative study of think tank input into specific Australian social policies. Nevertheless, it would appear that the neoliberal ideas promoted by the CIS and IPA have exerted a substantial impact on the Australian social policy agenda of the last two decades. The specific policy influence of the think tanks has probably been more indirect rather than direct in terms of driving public and political debate in a free market direction.

For example, during the period of Labor Governments from 1983 to 1996, the IPA and CIS succeeded in popularising neoliberal ideas regarding the causes of poverty (behavioural and linked to failures of welfare system), and possible solutions (greater private or charitable welfare). These views had limited philosophical impact on the Hawke and Keating governments, although the ALP did incorporate suggestions for greater targeting of welfare. However, they did have significant influence on the ideological direction of the opposition Liberal Party.

Since the election of the Howard Coalition Government in 1996, neoliberal ideas have gained greater philosophical acceptance from the political mainstream. However, the specific introduction of neoliberal proposals has been modified by broader political and electoral considerations.

The ALP

The Hawke/Keating Australian Labor Governments were significantly influenced by free market ideas. In particular, they believed that economic imperatives driven by globalisation limited their capacity to provide substantial social protection (Henderson, 1999:47; Scott, 2000:81-82). On social policy, the ALP largely abandoned traditional social democratic policies based on a wide-ranging welfare state to achieve income and wealth redistribution and greater equity. Instead, social welfare initiatives were relegated to targeting the poverty of

particular needy or deserving groups, rather than attacking structural inequities.

Overall, the ALP in government chose to merely ameliorate the unfair economic and social consequences of free market policies, rather than intervening directly in the market place through taxation, wage and public investment measures to promote a fairer distribution of wealth and income (Battin, 2000:45-48).

Influenced by neoliberal concerns, the ALP in government took a number of measures to reduce the level of welfare spending. For example, it eliminated the remaining universal payments via the introduction of an assets test on pensions, and the means testing of family allowances. In addition, it imposed a number of compliance initiatives designed to reduce the number of persons receiving income support payments, replaced unemployment benefits for 16 and 17 year olds with a job search allowance worth half the then junior unemployment rate (May 1987), introduced the Newstart scheme linking unemployment benefits to compulsory training and revoking the traditional notion of an unemployment benefit as an entitlement (1990), and introduced 'mutual obligation' measures in the 1994 *White Paper on Employment* to tighten social security regulations and make beneficiaries more accountable. In addition, there was the unsuccessful June 1986 proposal for young unemployed people to do community work in return for unemployment benefits (Mendes, 1999).

Many of these policies mirrored proposals made by the think tanks, and were enthusiastically welcomed by CIS and IPA operatives. For example, CIS researcher Michael James praised the ALP Government's means testing of family allowances, withdrawal of unemployment benefits for teenagers, and campaigns against welfare fraud (James, 1989:3). Similarly, Ulyatt & Nurick from the Australian Institute for Public Policy (later to amalgamate with IPA) praised the steps taken by the ALP Government to combat cheating, and to more effectively target welfare payments (Ulyatt & Nurick, 1990:34).

However, there is no direct evidence of input by the think tanks into these policy initiatives. In addition, the ALP in government firmly rejected other neoliberal proposals. For example, no time limit was

placed on unemployment benefits, and no social security payments were privatised. Nor did the ALP introduce the proposed flexible labour market without award and minimum wage provisions. Nevertheless, the think tanks arguably played an important role in shaping the public policy agenda so that 'free market' ideas, putting the case for less government 'intervention', were more influential than social democratic alternatives in government policy considerations.

The Liberal Party

The contemporary Liberal Party has been dominated by two ideological tendencies: the neoliberal concern to reduce government interference with 'free market' outcomes by restricting access to social security payments, and the social conservative concern to reinforce traditional institutions such as the family (Mendes, 1998:74).

Whilst in opposition from 1983-1996, the Liberal Party adopted virtually the entire neoliberal critique of the welfare state. For example, in 1991 Liberal Party leader John Hewson attacked the alleged capture of the welfare state by ACOSS and other interest groups, and claimed that ACOSS was more interested in obtaining money for the welfare sector and in building large bureaucracies than in helping the poor. Hewson subsequently threatened to cut government funding to ACOSS.

The Liberal Party also endorsed neoliberal views on labor market deregulation, arguing for the introduction of a youth training wage, and discounted wages for employers hiring longer-term unemployed people in their 1992 *Jobsback* policy. In addition, the 1991 *Fightback* package recommended stricter eligibility criteria for payments, including the termination of unemployment benefits after nine months, and the termination of Sole Parent Pension when the youngest child turns 12 in order to combat welfare dependency; condemned the receipt of payments by undeserving groups who were 'rorting' the system, rather than deserving claimants identified as the sick and the old; and endorsed a shift from state to charitable welfare (Mendes, 1998:69-73).

All these policies closely mirrored the proposals of the think tanks, although it is unclear to what extent they were incorporated as a result of

direct think tank input. There is, however, little doubt that leading Liberal-National Party politicians were increasingly familiar with the social policy ideas of local and international neoliberal philosophers such as Charles Murray (Chaney, 1985:209; Blunt, 1986).

Since returning to government in 1996, the Liberal Party has taken a more pragmatic approach to policy development, reflecting political and electoral concerns. For example, the Howard Government has not implemented the more radical proposals of the earlier *Fightback* package such as the placing of time limits on unemployment payments. The government has also largely abandoned the Liberal Party's earlier hostility to ACOSS and the welfare lobby, and has not proceeded with proposals for lower minimum wage rates.

However, government policies still reflect a strong neoliberal influence. For example, the Howard Government has introduced a number of initiatives to eliminate alleged incentives to welfare dependency, imposed massive spending cuts on services used principally by the poor and disadvantaged, contracted out all employment training programs to private providers, urged the business sector to take a more active role in the funding and provision of welfare services, and introduced a 'work for the dole' scheme for the young unemployed based on Lawrence Mead's notion of contractual welfare (Mendes, 1998:75-80; Argy, 1998:56-58).

In addition, the government initiated a review of the Australian welfare system that recommended the extension of contractual welfare obligations, involving economic or social participation, to all recipients of workforce age (Reference Group on Welfare Reform, 2000). The Howard Government's adoption of this agenda suggests a fundamental ideological shift from income support as poverty alleviation to income support as a participation payment. The neoliberal ideas of behavioural poverty and individual responsibility promoted successfully by Charles Murray and others in the USA have now also become dominant in the Australian political sphere (Mendes 2001:36).

The ideas promoted by the CIS and IPA have clearly helped to shape the social policy agenda in a 'free market' direction, and to influence the policy options considered by the Howard Government, including particularly its advocacy of 'mutual obligation'. Similarly, neoliberal

ideas appear to have influenced state Liberal governments. For example, the 1991 *Project Victoria* report published by IPA and the Tasman Institute has been described as providing a policy blueprint for the Victorian Liberal Government's massive cuts to welfare services (Kohler, 1997). In addition, the Federal Liberal Party think tank, the Menzies Research Centre, works closely with and shares the neoliberal ideas of the CIS and the IPA.

Explaining the Success of the Think Tanks

A number of key factors would appear to explain the political success of the neoliberal think tanks.

Firstly, there is the absence of a viable alternative or progressive model or strategy for managing the economy and distributing social benefits (Henderson, 1999:57-58; Mishra, 1999). The collapse of communism and the decline of social democracy has reduced any external or internal political challenge to the domination of 'free market' ideas. It seems that the managers of capitalist systems no longer fear potential revolutionary threats from labour movements or the disadvantaged. Consequently, governments have far less political incentive to address questions of social injustice.

A further key factor is the influence of global economic pressures, including particularly the enhanced power of financial markets, which appear to have increased the policy constraints on national governments. Whilst there are varied views about the relationship between globalisation and national autonomy, neoliberal think tanks have promoted and in turn benefited from the deterministic thesis that globalisation forces nation states towards a consistent and uniform decline of social standards. This stands in opposition to alternative views that see globalisation as being modified by disparate national structures and policy and political agendas (Palier & Sykes, 2001).

In addition, the think tanks enjoy the generous support of corporate financial power. Hundreds of millions of dollars have been spent in order to shape public debates, and further influence the intellectual and political climate which is already amenable to neoliberal ideas (Beder,

1997:76; George, 1997:50). Even the comparatively tiny Australian think tanks were already attracting an annual combined income of approximately five million dollars by the mid-1990s (Marsh, 1995:79).

In contrast, the political Left has generally failed to create or adequately fund similar structures (George, 1997:51-53). Most Australian left-of-centre research centres, such as the Evatt Foundation or Australia Institute, for example, are relatively small, and operate on shoestring budgets. The prominent Australian sociologist Michael Pusey speaks of a "structured inequality in interest group representation in Canberra and hence a ready-made mobilisation of bias in the context in which any particular scheme or initiative is raised" (Pusey, 1991:143).

Nevertheless, the Australia Institute has enjoyed some success in promoting progressive alternatives to the neoliberal agenda. For example, two Institute publications by Pamela Kinnear on mutual obligation and aged care funding have gained considerable exposure in the mainstream media, and provoked significant public debate (Kinnear, 2000; Kinnear, 2001). The success of these publications suggests that a social democratic think tank committed to relevant and accessible research does have the potential to influence welfare policy debates.

An associated problem is that much of the Left continues to be caught between defending the welfare state, and/or developing new ideas and paradigms (Self, 1993:67). Many authors debate whether the social care (humanitarian) or social control (oppressive) functions of the welfare state are more significant, and whether the welfare state is worth preserving at all. Others focus on making the structures of the welfare state more democratic and accountable to consumers through the introduction of community development and/or associationalist principles to welfare service provision (Hirst 1997; Fitzpatrick 2002). However, in general, the Left has failed to match the neoliberals in offering tangible and creative alternatives to existing policies.

Another factor is arguably the effective engagement by Australian neoliberals with global influences and trends. The IPA and the CIS have regularly utilised their international connections - via speaking tours, membership of their Advisory Board, and reprinting of overseas publications - in order to promote particular neoliberal versions of

globalisation in Australia. The think tanks have succeeded in promoting the USA and the United Kingdom as policy models for Australia despite their horrendous records on poverty and inequality (Ziguras, 2002).

In contrast, the Australian Left has generally failed to offer alternative interpretations of global policy trends and agendas. For example, few if any prominent guests have been invited from Holland or Scandinavia to extol the virtues of social democratic welfare regimes. This is despite evidence from international comparative studies that they equal or exceed the performance of corporate and neoliberal regimes across all social and economic objectives (Goodin *et al*, 2000).

A final factor is that the particular organisational and promotional strategies employed by the neoliberals maximise their impact in the mainstream media and culture. As noted by Mark Davis, the think tanks typically publish in non-refereed pseudo-academic journals, the contents of which are then either republished as opinion pieces in daily newspapers, or repeated by sympathetic newspaper columnists or talkback radio hosts (Davis, 2001:7 & 11-12).

Think tank access is also assisted by the concentrated ownership of the Australian mass media by News Limited and Consolidated Press, companies which are sympathetic to the neoliberal agenda. Consequently, in spite of their small and sometimes minuscule membership, the think tanks are able to influence a broad cross-section of public and popular opinion (Stone, 1998:161).

Conclusion

Australian neoliberal think tanks have acted as vigorous advocates for those corporate interests that most favour economic and social policy deregulation (Cahill, 2002:21). Their political influence over both ALP and Liberal Party governments has been significant. They have played an important role in shaping a harsher Australian social policy agenda that is less sympathetic to the welfare state, welfare producers, and welfare beneficiaries.

Although the think tanks claim to be politically independent, they are wedded to neoliberal ideology, and the economic interests served by these ideas. Their policies and solutions are derivative in that they mirror the perspectives of neoliberals elsewhere. They are accountable only to the corporate groups that fund them.

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