

The reform boldness of Paul Keating contrasts poorly with the timidity of Kevin Rudd, writes **Greg Barns.**

**K**evin Rudd stood on the shores of Lake Burley Griffin on a fresh Canberra morning in early September and told popular breakfast presenter Melissa Doyle of Channel 7's *Sunrise* program how chuffed he was that Quentin Bryce would be sworn in as Australia's first female Governor-General that day.

Doyle then asked Rudd about the prospects for an Australian Republic. It was as though Rudd froze. Oh yes, it was ALP policy that there be an Australian head of state but when Doyle pressed Rudd for a timeframe on when Australia might become a republic, Rudd simply muttered, 'next question.'

Now what if Paul Keating was Prime Minister and Melissa Doyle asked him the same question? He would have painted a canvas in which a republic was the centrepiece of a strategy to redefine Australia as an independent, confident Asia-Pacific nation.

To put the contrast in cricketing terms, where Rudd shuffled at his crease and fended the ball off, Keating would have dashed out of wicket, planted the front foot down and smashed the ball through the offside field for four.

# Why Keating makes Kevin look bad



Paul Keating may not like this analogy, but he has much more in common with former British Prime Minister Margaret Thatcher than he does with Kevin Rudd. Both Keating and Thatcher are iconoclastic individuals who reshaped their parties, the body politic around them and left an indelible mark on the economy and society they reshaped. And both are individuals who today are like Banquo's ghost, as they loom over their successors.

The Labor Party of Kevin Rudd does its best these days to ignore its former leader—and Mr Rudd's ambivalent attitude towards the Keating dream of a Republic is emblematic of this. The ALP spent a decade after Mr Keating lost office in a landslide to John Howard in 1996 running a million miles from the legacy and achievements of the government that had gone before them. Similarly, the British Conservative Party today under its wunderkind leader David Cameron is unashamedly breaking with the radical conservatism of Mrs Thatcher.

What a pity in both cases.

And it is even more so in the context of the Australian Labor Party which, while in office federally today, could be said to not actually be in government. One does not get the sense that Mr Rudd and his cabinet have any of the zeal, intellectual inquiry and sense of adventure about them that characterised Keating when he became Treasurer in the Hawke government in 1983, and which hallmarks stayed with him until the end in 1996.

Where Keating defined the issue, the debate and the parameters around it, Rudd plays on the same turf as his political opponents both inside and outside the parliament.

The man who wears the Treasurer's mantle today, Wayne Swan, is the antithesis of Keating. Mr Swan is a manager of the economy and nothing more. According to *The Australian's* economics editor, Michael Stutchbury, Swan is wary of reform agendas. Stutchbury quoted the Treasurer as saying at a corporate leaders

retreat in Queensland in August this year that Australians are 'practical and a bit cautious' about economic reform.

No wonder Mr Keating is so cranky about the Rudd Government's lack of policy cohesion and capacity to think seriously about the long term.

Where Mr Rudd and his cabinet puff out their collective chest about working on Saturdays, and pushing public servants to stay at their desks long into the night all in aid of creating an impression of general busyness, Mr Keating always gave the impression that he had time to reflect and step outside the stultifying confines of Capital Hill, yet continue to be serious about the business of reform.

We can put it another way. Mr Rudd probably clocks up twice as many hours as Mr Keating did, but this does not equate with being a committed and genuine long term reformer.

What Mr Keating showed was that reformers needed to balance their lives by polishing antique clocks, delving into the emotional rollercoaster of a Mahler symphony or fossicking around antique stores in Queen Street Woollahra or Paris.

One gets a sense that where Kevin Rudd, Wayne Swan and their cohorts think that practicing politics is about taking small steps, and watching the media and the polls in an almost fetishist manner, Paul Keating was the embodiment of John Coltrane's 'Giant Steps.'

Could one imagine Paul Keating doing what Wayne Swan did this year, underwhelming an audience of corporate high flyers at Hayman Island by telling them that Australians are 'practical and a bit cautious', about economic reform, and not to expect the earth to move while he is in office?

Not a bit of it. The Keating rhetoric and practice was to lecture, cajole and drag you along the reform road whether you liked it or not. Where the Rudd Government has a penchant for inquiries, subcommittees and reviews, with Keating there was no such navel gazing. He knew what the Australian economy needed in the short, medium and long term and he set about doing it.

The language of Keating as Treasurer, and as Prime Minister for that matter, was urgent and uncompromising. It did not flinch—there was no self-doubt. Perhaps only former Victorian Premier Jeff Kennett, with whom not unnaturally Keating got on well, has spoken with such a sense of self-certainty and force in modern Australian politics.

For Keating, politics and policy-making was a high wire act, first, second and third. 'There are a lot of people in this country who are content to sit back and do nothing, to take the easy way. But it's all about risk and those who risk and win deserve everything they get,' Keating told a group of bankers back in 1987.

What needs to be appreciated about Keating is that he single handedly turned the ALP inside out. As journalist David McKenzie wrote in December 1991, just after Keating replaced Bob Hawke as Prime Minister, 'for many traditional Labor supporters, Keating is the Trojan horse that ripped the philosophical heart out of the party by embracing free markets, cutting back on government spending and selling off the "crown jewels" of the public sector,' McKenzie said. This was an historic victory for those advocates of free markets in and out of parliament.

The record of Paul Keating as economic reformer is well documented, much commented upon, and debated. Much of that reform agenda was executed in his first four years as Treasurer. Writing in the *Sydney Morning Herald* on July 1 1987, Steve Burrell observed that since he became Treasurer in March 1983 Keating had

brought the budget deficit back from an unsustainable 5 per cent of national income to less than 1 per cent in four years. He has rammed through reductions in real wages which very few thought possible, largely retaining the extra competitiveness flowing from the fall in the dollar. He has floated the dollar, deregulated the financial markets, reformed the tax system and freed up access for foreign investment, to set the scene for a fundamental restructuring of

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# A U S T R A L I A



Paul Keating's election night speech after his win in 1993. National Archives of Australia, A6135

the economy. He has demolished the shibboleths of the past and transformed Labor into a party of economic rationalists capable of confronting the reality of being a small trading nation in a big world.

Keating of course was no demi-god. There were certain 'no-go' areas—substantial deregulation of the labour market and the privatisation of Telstra. His economic management credentials were severely undermined by events leading up to, and during the recession of 1990-1991, the deepest economic malaise in Australia since the Great Depression of the 1930s. The boast that he controlled the Reserve Bank and that his hands firmly gripped the levers of the national economy came back to haunt him in that dark period, particularly when interest rates reached crippling high levels. And to serious free marketeers Keating was not in the same class as his Kiwi counterpart, Roger Douglas, who at the same time as Keating was reshaping Australia, was literally resuscitating New Zealand after years of red tape and economic nationalism had fairly strangled it to death. And to the Melbourne think tank and business luminaries like Michael Porter, Des Moore, and Hugh Morgan, Keating was not nearly as game

as Margaret Thatcher when it came to micro-economic reform, in particular in the area of industrial relations.

The University of Melbourne's Les Coleman concluded in an analysis published last year that

comparison of the economic performance of the Hawke-Keating and Howard Governments relative to other economies at the same time shows that the Howard Government delivered: lower inflation, interest rates, and unemployment, and stronger exchange rates; but weaker economic growth. The [Howard] government has outperformed its predecessor on three criteria and underperformed on one. It also delivered a stronger currency, which is outperformance for importers and Australian tourists, but underperformance for exporters and foreign visitors.

But even amongst the free marketers there is admiration for Keating. David Love, a respected economics journalist and commentator whose latest book *Unfinished Business* (reviewed in the September 2008 edition of the *IPA Review*) reflects on the significance of the Keating

economic reform agenda, wrote in 2001 that the former Treasurer 'has claim to being the central figure in Australian politico-economics in the past quarter of a century.'

And as Paul Kelly noted in *The End of Certainty*, his chronicle of the Hawke-Keating years, after Paul Keating used his famous 1986 'Banana Republic' remark to describe where the Australian economy might head if serious economic reform was interrupted, he became the 'dominant figure' within the Hawke Government, much to the Prime Minister's frustration and incredulity. The way it worked, according to Kelly, was that Keating saw himself as the driving force of the government and Hawke the front man.

It was a perception that increased over the years as Hawke's power waned.

Can anyone name another period in modern Australian political history where a minister had such a sense of chutzpah and there was so little his Prime Minister could do about it?

But it was not only within the ALP that Keating became the central figure. The Liberal Party in a sense remade its strategy around Keating, particularly under John Howard's leadership. In fact, it is not too much of a

# Under Kim Beazley, Simon Crean, Mark Latham and Kevin Rudd, Keating's name and achievements were seen as a political albatross and baggage which had to be hidden out of the voter's view.

stretch to argue that were it not for Paul Keating's remarkable 1993 federal election victory, the Liberal Party might not have achieved its decade of political success, which turned the veteran war horse Howard into Australia's second longest serving Prime Minister.

As former Howard staffer and commentator Gerard Henderson once put it, 'some Liberals felt real political pain leading to obsession—when Keating won the so-called "unlosable election" in 1993.'

With the 1993 election victory under his belt, many Liberals feared that Keating would unleash a wholesale makeover of Australian society and culture.

For many in the Liberal Party, symbols such as the Australian Flag and the British monarchy were sacred. They were dear to the heart of Robert Menzies and the party branches were disproportionately represented by conservatives who saw the seeds of revolution in Keating's preparedness to change both.

What also galvanised the Liberal Party like it had never been hardened previously, was that Keating, unlike Hawke, or any other Labor leader since 1996 with the brief exception of Mark Latham, routinely attacked the very heart of the Liberal Party without apology.

Keating's tirade on February 27 1992, against the Liberal Party and the conservative side of politics, was then, and remains today, without peer in terms of sheer excoriation. That day, during question time in the parliament, Keating launched into a description of the Liberal Party's role in Australia's history that, even by his own standards, was breathtaking in its scope and its invective:

The Liberal Party had presided over a period—the 1950s and 1960s—when gross domestic product per head was half what it is now; when commodities occupied 85 per cent of our exports; when telephones were half what they are now; when there were half as many cars per thousand people of population; when pensions were half their real value of today and when 10 children per 1,000 went to university instead of 30 per 1,000. That was the golden age when Australia stagnated. That was the golden age when Australia was injected with a near-lethal dose of fogginess by the conservative parties opposite, when they put the country into neutral and where we very gently ground to a halt in the nowhere land of the early 1980s, with a dependency on commodities that would not pay for our imports ... You can go back to the fifties to your nostalgia, your Menzies, the Caseys and the whole lot. They were not aggressively Australian, they were not aggressively proud of our culture, and we will have no bar of you or your sterile ideology.

Keating's intentions were clear: to remake Australia in the image that he created. In some ways Keating saw himself as the great moderniser, in stark contrast to the 'old fogeys' of the past. As Don Watson notes in *Recollections of a Bleeding Heart*, Keating's tagging of the republic, the flag, Asia and reconciliation were the result of a view that the 'last symbols of Australia's colonial past were inimical to a clear-eyed appreciation of reality ... from this clearing of

the national decks might come the energy to make the whole Australian experiment exciting again.' The props that Menzies had so effectively utilised to cement his party's control of Australia for 23 years such as the British monarchy, the US alliance and a decidedly gradualist and limited attitude to social reform were being smashed by a Labor Prime Minister.

For Howard, Keating represented the antithesis of what he believed the Liberal Party to be. And he let it be known, prior to his election as Prime Minister in March 1996, that he intended to undo the Keating legacy in a comprehensive way. In June 1995 Howard delivered what he termed a 'Headland' speech. In it he crystallised his 12 years of frustration and anger at Paul Keating's record. There was, according to Howard, '... a frustrated mainstream in Australia today which sees government decisions increasingly driven by the noisy, self-interested clamour of powerful vested interests with scant regard for the national interest.'

But Howard promised that under a government led by him, 'the views of all particular interests will be assessed against the national interest and the sentiments of mainstream Australia.'

The Howard Government's political strategy based essentially, or initially anyway, on being the antithesis of Keating was, as history tells us, highly successful. The Liberal Party won over, and maintained the support of low and middle income suburbanites and those in regional Australia—those voters identified as mainstream and unimpressed with Keating's remodelling efforts—for four successive elections.

In short, the Keating personality and legacy was the backdrop to John Howard's own radicalism in office when he too sought to steer the nation in a

completely different direction from that to which Keating had wanted to take it.

But it was not only the Liberal Party over which Keating loomed in and post the 1996 election. The 'post-me' Labor Party, as Keating called it, was determined to tape its collective mouth when it came to their former hero, in part due to the massive demonisation of Keating by the new government.

Under Kim Beazley, Simon Crean, Mark Latham and Kevin Rudd, Keating's name and achievements were seen as a political albatross and baggage which had to be hidden out of the voter's view. The consequence of this strategy was to ensure that the ALP since 1996 has stood for very little other than being a paler shade of conservative blue.

On economic issues the ALP has veered back towards interventionist policy and the term 'micro-economic reform' which Keating championed has disappeared from the lexicon.

Whatever else he was in his 27 years of political life, Paul Keating was a firm believer in 'doing things.' Politics for him was about policy and destroying those who stood in the way of the reform agenda of the moment. In this sense Keating can be compared to Thatcher, Roger Douglas and Kennett. This type of political leadership is sorely lacking in Australia today.

What Keating and those we mention above share in common is that each had a narrative, a journey on which they took the community. It was inevitably a roller coaster ride, but there was a reason for doing it—to improve the economy and the nation in the long term.

This is what so enrages someone of the temperament of Keating about the committee obsessed Rudd Government. The sage advice Mr Keating gave to Mr Rudd on August 6 this year clearly stems from that frustration. 'I think if there's any problem the government has, when I say a problem I don't think it's a problem

necessarily, it is to not have an overarching narrative in place,' Keating said. 'There is too much frenetic activity, in the end, suiting journos, running at the behest of little press secretaries, doesn't pay off.' He is not alone in holding that view. *Crikey's* Canberra correspondent Bernard Keane wrote on September 2 that the 'Rudd Government needs a narrative, yes. But there's a difference between promoting a narrative and chucking an idea a day into the news cycle.'

One does not have to sign off on all, or any, aspects or specifics of the Keating record in office to appreciate that Australia needs many more politicians cut from the same cloth if it is to have a secure and prosperous future. One in which the short term needs of the media, voters and interest groups are routinely ignored while the long term vision is crafted. Australia's various and numerous challenges as a nation today require Keating boldness, not Rudd timidity.

**R**

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