Another variety of capitalism?: The Australian mode of *régulation*

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Abstract:

Within typologies of capitalism, Australia is classified as one of the Anglophone liberal market-based economies. Australia has experienced remarkable growth since WW2, with the more erratic 1970s and 1980s pattern being replaced by annual growth rates sustained around 5% or less during the last twenty years and through the global financial crisis. Why has this growth pattern occurred since neoliberalism's ascendancy? Why has Australia continued to experience positive growth through the period of the global financial crisis although other liberal market-based economies have not? Is the Australian growth regime different in some way from other economies within the Anglophone capitalism cluster? This paper seeks to answer these questions through an examination of the Australian mode of régulation. Varieties of capitalism are observable through differing configurations of its institutional architecture, or mode of régulation. A conjunction of five institutional forms, the mode of régulation sustains and secures the capitalist growth regime. By scrutinising the nature and conjunction of Australia's institutional forms (wage-labour nexus, monetary and credit relationships, relations between firms, international arrangements, form of the state), a characterisation of the contemporary mode of régulation is posited. This characterisation, and its resultant economic dynamic, is compared against a broad synthesis of the corresponding institutional architecture and outcomes for the three Anglophone liberal market-based economies of the US, the UK and Canada. The Australian mode of régulation is found to exhibit distinct institutional features and configuration which, it is contended, reflects an unacknowledged variant of liberal market-based economies subsumed by a US-centric typology.

Key words: accumulation, capitalism, Fordism, institutions, mode of *régulation,* neoliberalism, political economy, post-Fordism

JEL classification codes: B52, O56, P16

1 Introduction

Capitalism has evolved into different 'varieties' or forms notwithstanding one of its defining features being sustained but irregular growth (Amable 2003; Boyer 2005; Hall and Soskice 2001; Hodgson *et al* 2003; Keen 2003). Within typologies of capitalism, Australia is classified as a 'liberal market-based economy', falling within a 'highly homogenous Anglophone cluster' of the United States (US), United Kingdom (UK), Canada and New Zealand. Australia experienced exceptionally fast and stable growth during the two decades after the Second World War, followed by a more erratic pattern in the 1970s and 1980s. The subsequent twenty years has witnessed far less volatility with annual economic growth rates sustained within a band of around 5% or less. Growth, albeit at a markedly reduced rate, continued through the recent global financial crisis which is contrary to the experience of the US, UK and Canada.

The latter period of less volatile but sustained positive growth coincides with the political ascendancy of neoliberalism which has become the "central guiding principle of economic thought and management" (Harvey 2005: 2). Neoliberalism, as a hegemonic discourse, became progressively embedded in the actions and policies of the Australian state from the mid-1980s. Market discipline, competition and commodification symbolise neoliberalism although some acolytes have acknowledged that "market order requires a particular kind of state to secure it" (Gamble 2006: 22). Why has Australia's growth pattern occured since neoliberalism's ascendancy? Why has Australia continued to experience positive growth through the period of the global financial crisis although other liberal market-based economies have not? Is the Australian growth regime different in some way from those other economies within the Anglophone capitalism cluster? The purpose of this chapter is to delineate the defining nature of the institutional architecture and configuration of the Australian neoliberal growth regime and determine if there are differences with other neoliberal market-based regimes which may explain the reasons why growth has continued despite the downturn elsewhere.

Capitalism's diversity has been observed through differing configurations of capitalism's institutional architecture, or mode of *régulation,* although all share common features of production and consumption (Boyer 2003, 2005).[1] These configurations also reveal a periodisation of capitalism – different growth regimes - as new forms of accumulation have evolved creating different combinations of production and consumption norms (Boyer 1988; Lipietz 1986a). Each stage of capitalism (regime of accumulation) has distinctive regular social and economic patterns. The period

[1] At least four configurations have been observed (market-oriented, meso-corporatist, statist and social-democratic) (Boyer 2005).

post World War II, of intensive accumulation with mass consumption, is commonly referred to as 'Fordism' and that for the period since the 1970s economic crisis as 'post-Fordism'.

The mode of *régulation* is the "materialization of the regime of accumulation" (Lipietz 1986b: 19) and coheres particular periods of accumulation by reproducing capitalism's fundamental social relations (Boyer 1990). In other words, the mode of *régulation* governs, guides, supports and secures an accumulation regime by reducing, containing, and mediating the inherent conflicts of capitalism where the mode of production is structured around two fundamental unequal social relations: the commodity relation and the wage relation (Aglietta 1979; Brenner *et al* 1991; Dunford 1990; Jessop 1990a, 2001; Lipietz 1987; Tickell and Peck 1995).

A hierarchy or dominance of particular institutional forms has been found to characterise different modes of *régulation* in addition to the ongoing metamorphosis of each institutional form (Boyer and Saillard 2002). A non-interventionist state and tight monetary controls were dominant from the mid-nineteenth century until World War 1. Collective wage negotiations, the strong growth of credit money, oligopolistic forms of competition and different forms of state intervention characterised Fordism. The monetary regime and the 'internationalisation of competition' have been driving changes to the wage-labour nexus during the current regime of accumulation (Boyer and Saillard 2002: 39). Thus the mode is not fixed or immutable because its constituent elements constantly change to ensure its enduring capacity to reproduce and maintain capitalism's social relations, to "secure the compatibility of social conflicts with the requirements of the accumulation process" (Baurdiel and Wissen 2002: 108-09). It is this evolving mode – this evolving set of institutional forms both individually and in conjunction – which ensures the conditions for ongoing capitalist accumulation. However, the mode of *régulation* "cannot prevent all disequilibria" (Destanne de Bernis 1988: 45). Consequently, crises occur because the very nature of the mode of *régulation* is unable to ensure stabilisation indefinitely.

Five institutional (or structural) forms comprise the mode of *régulation* and each is the codification of capitalism's fundamental social relations through laws, rules, regulations, compromises, negotiated outcomes, common value systems or representations (Boyer 1990; Boyer *et al* 2002). These five institutional forms are defined by: wage-labour's relationship with capital, monetary and credit relationships, the relations between firms, the nature of international relationships and arrangements, and the form of state intervention.

The nature of the mode of *régulation* can be understood by analysing each of its five institutional forms and their conjunction. This approach reflects the chapter's structure which scrutinises the nature and conjunction of Australia's institutional architecture, and outcomes, as the neoliberal virtues of the market and state minimalism have been increasingly embraced. The conjunction of these institutional forms is then drawn together and a characterisation is posited of the neoliberal post-Fordist mode of *régulation* compared to that of the Keynesian-Fordist era. This characterisation, and its resultant economic dynamic, is compared against a broad synthesis of the corresponding institutional architecture and outcomes for the three Anglophone liberal market-based economies of the US, UK and Canada. The Australian neoliberal mode is found to exhibit unique institutional features and a distinct configuration which, it is contended, reflects an unacknowledged variant of neoliberal post-Fordist market-based economies.

2 Australia's institutional architecture

2.1 The wage-labour nexus

At the turn of the twentieth century, an historic compromise was reached between capital and labour which endured until the 1980s. The key features of this agreement were centrally determined wages, tariff protection for manufacturing, compulsory industrial arbitration, legally enforceable industrial awards, and union recognition (ACIRT 1999). Underpinning this longstanding system of wage determination was a core principle inconsistent with the notion of wages being market-determined. The historic 1907 'Harvester judgement' established a needs principle in determining the basic wage level.[2] This principle of wages linked to the cost of living – not profitability, productivity or affordability - informed the setting of the basic wage until the final decades of the century.

With the 1983 election of a Federal Labor government, a new era of wage determination began with a series of agreements – commonly referred to as the Accord - between the peak union body, the Australian Council of Trade Unions (ACTU), and the Federal government.[3] In the first phase of the Accord, union wage claims were centralised into a series of national wage cases which linked increases to inflation. These wage increases were complemented by social wage improvements such as a universal system of health insurance and occupational superannuation, and additional welfare payments to low income families.

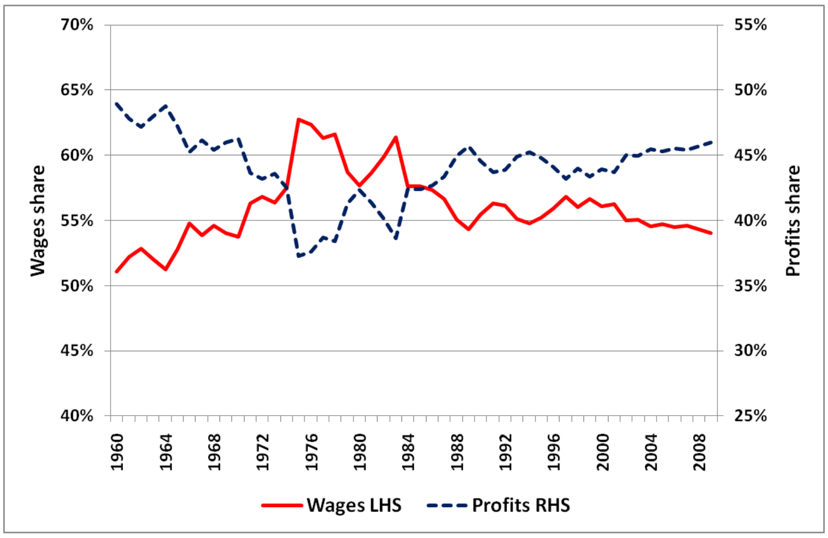
This approach to wage determination was short-lived. Within two years, social wage expenditure was severely curtailed as the direction of economic policy changed and the link

[2] In 1907, Justice Higgins, the first Chief Justice of the Federal Court of Conciliation and Arbitration, was required to determine the rates of pay and working conditions to be paid by the manufacturer of Harvester agricultural machinery so that it would be entitled to tariff protection. This decision became known as the 'basic wage'. It was assumed that the basic wage should enable an unskilled worker, his dependent wife and three children, to live in 'frugal comfort' (Watson, Buchanan *et al*. 2003).

[3] The first Accord was agreed on the eve of the 1983 election between the Australian Labor Party and the ACTU. Seven subsequent Accords were negotiated in 1985, 1987, 1988, 1989, 1990, 1993 and 1996.

between prices and wage increases was broken. Future wage increases were tied to efficiency or productivity gains. Bargaining over these arrangements was decentralised to an industry and occupational level (Watson, Buchanan *et al*. 2003). By the end of the 1980s, non-union enterprise collective bargaining was permitted, and across-the-board national wage increases were abandoned in 1993. When a conservative Federal government came to power, in 1996, decentralised bargaining accelerated. The *Workplace Relations Act 1996* promoted individual contracts (known as Australian Workplace Agreements or AWAs) and non-union enterprise agreements, restricted allowable matters under awards, narrowed the circumstances of legal industrial action and introduced harsh sanctions for breaches. In 2006, these arrangements were radically extended with the *Workplace Relations Amendment (Work Choices) Act 2005*, and the Federal industrial relations system, instead of operating concurrently with, replaced the State government industrial systems (King and Stilwell 2005; Peetz 2006; Roth 2006). These changes generated strong criticisms and, following its 2007 election, the Federal Labor Government repealed some – not all - elements of the legislation, such as the making of AWAs (O'Neill 2010).

Figure 1: Shares of national income, 1960 to 2009[4]



Source: ABS (2009e)

The shift from collective bargaining to individual contracts, preceded by a long period of wage restraint, resulted in a decisive shift of national income away from labour. As Figure 1 shows, the wages share fell from 61% in 1983 – the first year of the Accord – to slightly above 54% within six

[4] The 'profits' share of national income includes a category of 'gross mixed income' which refers to the income of small businesses or the unincorporated sector. It is notable that gross mixed income has steadily fallen from 25% of national income in 1960 to 8.5% in 2009.

years and has remained close to this share ever since. Meanwhile, the profits share of national income quickly rose from its low point in 1983 of 39% to fluctuate around 45% ever since 2009.

By 2008, barely 16% of workers were covered by an award, 40% by an enterprise agreement and 44% by individual contracts (ABS 2008a). The spread of enterprise agreements and individual contracts has been accompanied by a marked fall in trade union membership and a very marked increased in the 'casualisation' of jobs. By 2007 only 20% of workers were members of a trade union compared to 57% in 1982 (ABS 2010a).

Full-time permanent jobs have declined in relative terms and various forms of casual employment – jobs without leave entitlements - have increased. In 1988, full-time permanent employees made up 74% of all employees but only 61% by 2002. Casual jobs accounted for two thirds of the increase in total employment from 1990 to 2001 (Watson, Buchanan *et al*. 2003) and, by 2010, 20% of all workers were engaged in casual jobs (ABS 2006a, 2010c). There has been a similar upward growth in part-time jobs accounting for nearly 30% of total employment by mid 2010 compared to 20% fifteen years earlier (*ibid*).

Casualisation and other forms of non-standard employment (such as fixed-term employees, labour-hire workers and dependent contractors) have meant a far greater 'precariousness' for increasing numbers of the Australian workforce through such factors as a greater likelihood of dismissal or being laid off, irregular income due to irregular and unpredictable working time schedules, and generally lower wage rates (Campbell 1997; Watson, Buchanan *et al*. 2003).

The growth of 'precarious employment' has been paralleled by the dramatic rise of at least four other phenomena impacting on the wage-labour nexus – the increasing employment of women, work intensification, changing hours of work, and new forms of 'work clusters'. The labour force participation rate of women aged 15 years and over was 43% in 1978 and by 2010, nearly 59%. Women dominate part-time employment accounting for more than 70 per cent (ABS, 2006d). Work intensification has occurred through job broadening, reductions in so-called 'idle' time, more simultaneous demands, the speeding up of the pace of work, shifting remuneration from time-based to results-based criteria, and extension of the working day (Watson, Buchanan *et al*., 2003). In addition, average weekly hours for both full-time and part-time workers have increased and there has been a collapse of the 'normal working week' of an 8-hour day, 5-day week and 11-month year with less than a third of workers enjoying 'normal' hours by the end of the 1990s (ABS 2006a; Hampson and Morgan 1999). In addition, there has been a re-organisation of work into specialised clusters of workers such as call centres which create conditions for "the standardisation and routinisation of employment" (Fairbrother and Paddon 2002: 223). These trends combined with the growth of casualisation and other forms of non-standard work, have led to increasing forms of polarisation between workers: those with secure jobs and those with temporary jobs, workers with well-paid jobs and those will low-paid jobs, full-time and part-time workers and so on.

Accompanying these shifts have been major changes to taxation and the social wage. In 2000, a 10% goods and services tax was introduced accompanied by reductions in income tax and the creation of a family tax concession. High effective marginal tax rates of more than 50 per cent have been found for almost 1 in every 10 working age Australians with family incomes in the 8th income decile by 2006 compared to a ratio of 1:200 in 1996-97 (AMP and NATSEM 2006).

Federal expenditure allocated to social wage components has substantially changed with the proportions for education, housing, community amenities, recreation and culture all steadily declining until 2008. Although total funding for welfare payments has increased, there has been a considerable tightening of eligibility criteria (Australian Government 1998, 2006). The boost in funds for education is temporary being a key component of the Federal Government's stimulus package in response to the global financial crisis. Two other vulnerable social wage areas have been health insurance and superannuation. Since the late 1990s, a 30% tax rebate has been provided to individuals with private health insurance. Substantial tax advantages have been also made available to individuals who make their own superannuation contributions. Both tax measures benefit most those on higher incomes. In the meantime, the universal superannuation scheme – intended to reach 15 per cent of wages – has stalled at 9 per cent.[5]

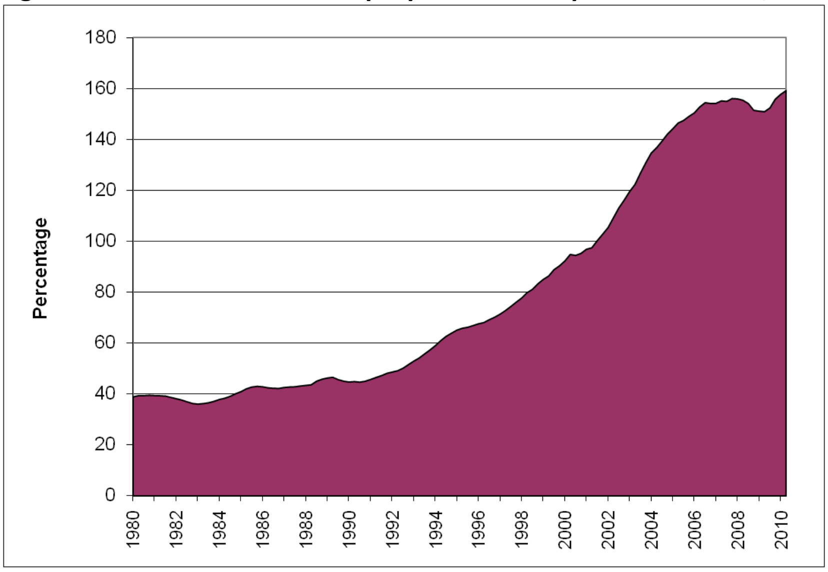
Concurrently, patterns of consumption and indebtedness have noticeably altered. Household debt as a proportion of disposable income climbed from 45% in early 1990 to reach 159% by June 2010 (Figure 2 below). Housing debt is by far the largest component reaching 142% by 2010, a doubling since 1997 (RBA 2010). Other significant expenditure changes in this period were mobile phone charges (up 139%), education costs (up 41%), health and accident insurance (up 34%) and domestic fuel and power (up 32%) (ABS 2006b).

These changes to Australia's wage-labour nexus strongly reflect the increasing hegemony of the ideology of neoliberalism. According to the logic of neoliberalism, institutions such as the arbitration system and trade unions prevent a 'free' labour market from operating, unemployment is a 'supply-side' problem caused by wages and/or unemployment benefits being too high, and the key to profit maximisation is cutting costs through improved management, lower labour costs and/or

[5] In 1986 award superannuation commenced when the Australian Industrial Relations Commission agreed to a claim for a general employer-provided superannuation benefit set initially at 3% of wages. In 1991 the Federal government introduced the Superannuation Guarantee Charge with a legislated timetable for increases in contributions. The target for employer contributions was 9% and 3% by employees with a matching contribution from the Federal government to bring total contributions to 15% of wages by 2002. The conservative Federal government, of 1996-2007, 'froze' the employer contribution at 6% and there has been no matching government contribution to date. The current Federal government has announced an intent to increase the guarantee to 12% during 2013-19.

intensifying labour (Campbell 2005; Woodward 2005). The radical transformation in the structures and processes that underpin Australia's industrial relations arrangements, since the late 1980s, reflects this logic.

Figure 2: Household debt as a proportion of disposable income, 1980 to 2010



Source: RBA (2010)

Wage increases are no longer tied to cost of living adjustments but determined by enterprise and workplace considerations. New forms of non-standard work have rapidly emerged to replace permanent full-time workers but are paid lower equivalent wage rates. Employers argue the need for flexibility yet these changes are aimed at cutting labour costs and dramatically reducing the power of trade unions in favour of capital. Not only has the state been instrumental to this shift by making labour law far more favourable to capital but also by weakening the welfare state through expenditure reallocations and the use of tax concessions of most benefit to those on higher incomes.

The Australian wage-labour nexus also strongly exemplifies the disjuncture between the ideology of neoliberalism and 'actual existing' neoliberalism. Markets, including the erroneously-called labour market, never operate freely according to the assertion of neoliberal ideology because "both markets themselves and the environments they operate in are always created by government regulations, and cannot exist without them" (Campbell 2005: 189). The employment of labour is not determined by a 'free' market but by a system actively created by the Australian state. This was the case at the beginning of the twentieth century, during the period of the Accord and continues to be so with the more recent legislative changes, all of which are a different 'set of rules' for the employment of labour.

2.2 *Money and finance*

Australia's financial markets, financial institutions and the policies governing their operation have all undergone dramatic change since the early 1980s. Until that time, the oligopolistic financial system was dominated by traditional borrowing-and-lending banks, many government-owned, and a regulatory framework controlled by Australia's central bank, the Reserve Bank of Australia (RBA).

In 1983, foreign exchange controls and restrictions on Australians investing overseas were abolished followed closely by floating of the exchange rate. The entry of foreign trading banks was approved in 1985. The following year Australian stock exchanges were deregulated, statutory restrictions on the terms of bank deposits were removed along with the interest rate cap on new home loans (Stutchbury 1990). During this period RBA banking system controls, such as lending directives and caps on particular interest rates, were replaced by a reliance on the general level of interest rates (Bell 2004; Grenville 1991). The former controls on the banking system had been the key instruments of monetary policy to set an annual monetary target. The commencement of a new 'regime' is marked by the RBA's decision for monetary policy to fight inflation and the 1993 adoption of a 2-3% annual inflation target (Bell 2004; de Brouwer and Gilbert 2003). This shift reflects the RBA's evolving role from being advisory to policy and operational control over the instruments of monetary policy.

Interest rates rose swiftly in the late 1980s and fell, equally swiftly, from 17.5% in early 1990 to 4.75% by mid-1993. Then, in the six years to early-2008, 12 successive tightenings occurred. Global growth is the dominant international reason cited by the RBA for rate increases and, apart from the nebulous descriptors of 'underlying inflation' and 'inflation/price pressures', the most prominent domestic reasons are credit/housing finance growth, wage pressures and consumer spending. Overwhelmingly the RBA's stated reasons for interest rate increases impact in some way on living standards and clearly indicate labour should 'bear the burden of national economic adjustment' (Bryan 2000a). This is not surprising given the RBA's constant claim of the inflationary threats posed by labour from wages growth and consequent consumer expenditure or credit growth (RBA various years).[6]

A further significant change to Australia's monetary regime occurred when the focus of financial sector regulation moved from institutions to one based on functions with stronger prudential controls (Gizycki and Lowe 2000). To ensure financial regulation promoted competition,

[6] The evidence provided of labour's 'inflationary threat' is often, however, weak and speculative. For example, "while overall wage costs remain contained at present … ongoing strength in demand would pose an increasing risk of acceleration of costs" (RBA various years: November 2003, 2-3). Or this: "while growth in labour market costs has been moderate to date, some heightened pressure on wages could occur during the next year or two" (RBA various years: February 2000, 1)

regulatory responsibilities for prudential supervision, market conduct and the payments system were allocated between two regulators and the RBA.

This evolving monetary regime paralleled far reaching structural changes within financial markets, a key driver of which has been changing indebtedness. By the late 1980s, Federal government debt had fallen to less than 9% of GDP although the debt levels of public non-financial corporations (PNFCs) had steadily risen. Subsequently, total public sector debt has declined and was estimated at around 7% of GDP in 2004 after peaking at 35% in 1995 (Australian Government 2005b: 12-21). This decline has been attributed to lower capital expenditure, budget surpluses and privatisation proceeds used to retire government debt (Australian Government 2005b: 12-13).

While government debt declined, household debt exploded increasing on average, from the mid 1990s, by around 14% each year and well in excess of changes to household income (RBA 2003). Business debt levels also flourished following the 1980s financial deregulation (Bryan and Rafferty 2000). Strong cash flows, and rising asset and equity prices, overshadowed increasing indebtedness during the period of high interest rates. A weaker share market, following the October 1987 stock market crash, significantly reduced the ability to raise funds from equity adding to the reliance on debt. By the end of the 1980s, falling asset prices, high interest rates, a slowdown in economic activity and declining profit levels all combined to severely reduce the ability of firms to meet debt obligations and “the corporate sector spent the first half of the decade unwinding the borrowing excesses of the 1980s” (Gizycki and Lowe 2000: 188).

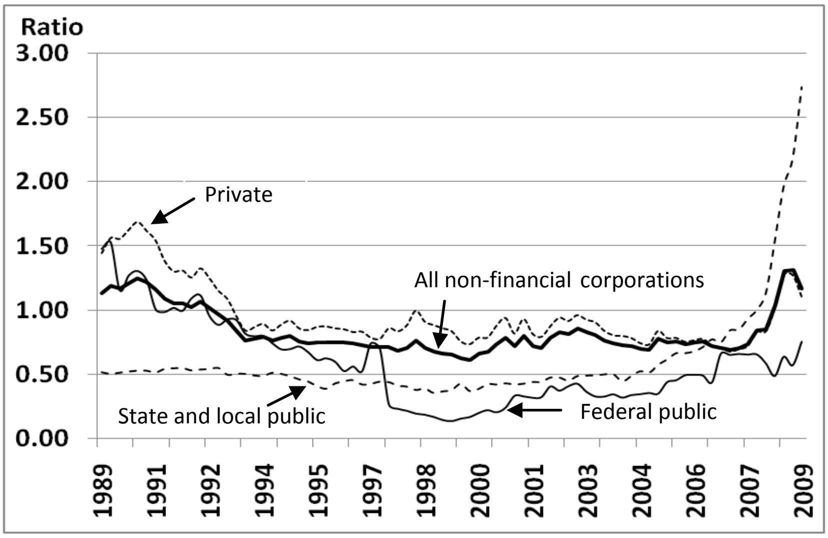
Although the general trend of debt dependency, illustrated by debt-equity ratios (Figure 3), is lower than the historically high early 1990s levels, the median debt-to-equity ratio for the period 1995 to 2009 is 0.7 indicating a long term upward shift from pre-financial deregulation levels of around 0.5 (Edey and Gray 1996; RBA 1993). For the private sector, the comparable median is 0.8 and for the total public sector 0.4. The noticeable decline for Federal PNFCs in the mid 1990s, and the narrow band of variation for State and local government PNFCs until 2004, is now overshadowed by a strong upswing this decade. There is a definite upward trend in the debt dependency of all public and private non-financial institutions in recent years.

Changes to debt dependency have taken place within the context of major structural changes within financial markets. The volumes traded in the Australian financial markets escalated rapidly following financial deregulation (RBA 2002). The annual total financial market turnover exceeded A$115 trillion in 2007-08 (up from A$31 trillion in 1997) with foreign exchange and debt accounting for 97% of trading turnover.

The financial market for debt historically has been dominated by government bonds but this was reversed with the decline of public sector debt (Battellino 2002; Edey and Gray 1996; RBA 1996).

By 2009, the value of outstanding bonds had grown to nearly A$1298 billion, compared to A$156 billion in 1988, reflecting the importance that this form of debt raising had assumed vis-à-vis traditional bank credit (ABS 2009d).[7] Another significant long-term trend has been the offshore issue of bonds which exceeded domestic bond issues from the late 1990s until the advent of the 2008 global financial crisis.

Figure 3: Debt-to-equity ratios for Australian non-financial corporations, December 1989 to June 2009



Source: ABS (2009d)

Bonds only partially show the considerable shift in financial markets providing debt finance. Off-balance sheet financial instruments have become extremely significant accounting, by 2006, for 90% of turnover in the Australian debt market and 80% of total financial market turnover (AFMA 2010). Commonly called derivatives, and overwhelmingly traded privately, the total amount outstanding for derivatives increased ten-fold in the 14 years to June 2010 (ABS 2010b).

A further structural change is the institutions of the Australian financial sector. Australian-owned banks and other 'deposit taking-loan making' financial intermediaries were the dominant institutional form until the 1980s. This landscape markedly altered following the entry of foreign banks, the creation by State governments of central borrowing authorities, a rapid expansion of superannuation funds after the introduction of the mandatory Superannuation Guarantee Charge, privatisation of government-owned banks and general insurers, and demutualisation of building societies, insurers and the ASX (Gizycki and Lowe 2000; RBA 1997, 1999).

[7] This shift is further reinforced by RBA data which shows that, in 1988, the business sector accounted for nearly 70% of credit and lending from financial intermediaries but, in the subsequent sixteen years, this proportion halved. Business accounted for less than half of total credit and lending by the mid 1990s and by 2004, only 34% (RBA 2005).

This reshaping of financial sector institutions along with a higher long-term dependence on debt by business and households, the rapid growth of financial markets, the shift to bonds to raise debt finance, the significant contribution of off-balance sheet derivatives to debt, all epitomise the dimensions transforming Australia's financial sector. It is these structural changes along with the financial deregulation of the 1980s driving the evolution of Australia's monetary regime. An 'independent' central bank focused on controlling inflation, interest rates as the prime instrument of monetary policy, and heightened prudential regulatory control of the financial sector are all directed at the new money forms and financial market activity that emerged during the 1990s and into the new millenium.

These policy shifts and structural outcomes strongly reflect the precepts of neoliberalism which sees optimal accumulation conditions requiring a 'free market' regime and protection of the value of money (Campbell, A. 2005). The elimination of many capital controls, floating of the exchange rate, opening up of the banking system to competition and removal of restrictions on finance capital, such as capped interest rates, are directed at abolishing market constraints to allow a 'freer' flow of capital nationally and globally. Financial sector regulation has been re-configured so that it does not impede financial market competition while purportedly protecting financial system stability. Monetary policy has become singularly focused on controlling inflation and thus ensuring the value of money is not eroded through price instability. Australia's central bank has become 'independent' of government as it has assumed policy and operational control for monetary policy.

2.3 The form of competition

Australian industry was characterised, throughout the twentieth century, by oligopoly and high levels of industry concentration protected by tariffs. With the advent of the 1980s, the 'competitiveness agenda' entered a new phase. The newly elected Federal Labor government sought to revitalise the manufacturing sector and improve its international competitiveness, without reliance on tariff protection, through a series of industry specific plans.[8] By the end of the decade, however, there had been limited success in raising these industries' exports and direct government assistance was still required for them to compete with imports (Bryan and Rafferty 1999).

At the beginning of the 1990s, there was a significant policy shift. Imports were outstripping exports, the antithesis sought by industry plans. Higher interest rates of the late 1980s had not achieved the desired balance of payments outcome. Import controls could not be introduced because this would be contrary to Australia's GATT commitments. The Federal government moved to dampen economic activity through a contraction of its own expenditure and a budget surplus.

[8] Plans covered industry sectors such as motor vehicles, steel, heavy engineering, ship building, and textiles, clothing and footwear.

This 'alternative path to competitiveness' took the emphasis from specific interventionist industry plans to constructing the "conditions for profitable local production of high valued-added goods for internationally exposed markets" (Bryan and Rafferty 1999: 68). Improvements to productivity became the 'Holy Grail' (Quiggin 1996) because it was the "only meaningful concept of competitiveness at the national level" (Porter 1998: 6).

Concurrently, a number of other changes were taking place. As already discussed, deregulation was transforming Australia's oligopolistic financial sector. By the late 1980s, the Federal government had also committed to a general reduction in tariffs and privatisation of the Commonwealth Bank, had corporatised many government business enterprises and, in 1990, repealed the two-airline agreement as well as agreeing to competition at all levels in the telecommunications network. This was followed by the introduction of competitive tendering for Federal government procurement, contracting out of government service delivery, and engagement of the private sector to build public infrastructure (Quiggin 1996). All these government actions increased competition within a wide range of industry sectors, exposing Australian companies to a level of competition not previously experienced and skewed towards achieving international competitiveness. In addition, the Federal government instigated a new era of federalism to deliver a national approach to competition. In 1991, the Federal and State governments agreed to review the *Trade Practices Act* (TPA) and develop a national competition policy framework. In early 1992 the Prime Minister's statement, *One Nation*, called for the "pace of [competition] reform to be accelerated and widened" (Keating 1992a: 61), nominating the electricity, aviation and financial sectors as immediate targets. A few months later, the Hilmer Inquiry into competition policy was established with a strong intent on subjecting areas outside the TPA to competition (Keating 1992b).

In April 1995, the Council of Australian Governments (COAG) endorsed the National Competition Policy (NCP) program of measures to implement the Hilmer Inquiry's recommendations. The NCP was quickly given legislative authority across all State and Territory jurisdictions and two new national regulators were created - the Australian Competition and Consumer Commission (ACCC) and the National Competition Council (NCC).

In terms of competition policy, the NCP meant significant changes to the way Australian companies 'relate to each other' and hence, profitability. First, the NCP indicated that competition policy had become more than trade practices legislation and embraced *inter alia* significant areas of economic activity not previously subject to competition policy. Secondly, competition policy applied to both the private and public sectors with a key plank being the dismantling of public utility monopolies. Industry-specific regulatory bodies for natural monopolies were created to generate a 'level playing field' and government business enterprises were corporatised to emulate private firms as well as being vertically and horizontally de-integrated (Quiggin 1996). Finally, the NCP was a nationally consistent policy framework rather than industry specific.

In 2006, COAG agreed to a new 'National Reform Agenda' comprising the three streams of human capital, competition and deregulation. Higher levels of productivity and workforce participation were the objects to "continue competition reforms to make our markets work more efficiently and … reduce the regulatory burden on business" (COAG 2006: 1).

During the almost ten years of the NCP, and the subsequent National Reform Agenda, the state concurrently undertook a range of actions which directly impact on competitive conditions for Australian business. Mention has already been made of privatisation and compulsory tendering. The contracting out of government services provision, and the delivery of various human services through purchaser-provider models further contributed to changing competition across a number of sectors (PC 2005: xvi). In addition, the Federal Government actively pursued specific programs to improve the competitiveness of industry. Measures to encourage research and development, domestic and foreign investment facilitation, sector assistance for information technology and finance, and a series of trade concessions were introduced in late 1997 (Australian Government 1997). These measures were supplemented, in 2001, by programs to stimulate innovation across industry along with an intergovernmental agreement to promote Australian industry participation in global supply chains and investment opportunities (Australian Government 2001a, 2001b).

There is limited data to estimate the value of all forms of direct and indirect assistance provided by the state to Australian business. It is evident, however, that the Federal government provided in 2003-04 A$11.8 billion of assistance to firms and industries through budgetary outlays, tax concessions and tariffs. Total Federal and state government industry program assistance in 2001-02 was estimated to be A$17.2 billion (of which A$10.7 billion was Federal assistance) compared to A$15.6 billion in 1994-95 (IC 1996; PC various years). These figures signal an interesting trend. Government assistance to Australian business increased during the period of the NCP program. Moreover, this increase occurred during a period of fiscal restraint, growing budget surpluses and reduced company taxation rates as successive Federal governments sought to create the macro fundamentals which nurture and sustain a competitive environment, deliver microeconomic reform to reduce business costs, and foster business growth and entrepreneurial activity (Australian Government 2001b; Hawke, Keating *et al*. 1991; Howard 1997; Keating 1994).

During this period of direct and indirect state interventions to influence competitive conditions, there has been notable change in the structural characteristics of Australia's form of competition. The most outstanding changes have been a strong growth in services, outsourcing, information communications and technology (ICT) utilisation, call centres and e-commerce.

The service sector now dominates the Australian economy accounting for around three quarters of annual industry value added and 85% of employment (DIISR 2009). This sector has shown above average growth rates in output and employment, compared to all sectors, since the late 1970s. This growth results from changes to the way Australian business have organised their operations. Many firms, across all sectors, have divested parts of their operations, outsourcing 'non-core' activities such as transport, billing and payroll functions, IT, cleaning and maintenance, security and property management. This has led to growth in a range of service industries, particularly property and business. Outsourcing of functions has not been limited to services provided within Australia with an increasing use of overseas providers of IT activities and call centre operations.

Australian firms have actively adopted ICT although with differing intensity across firms and industries. In 1993-94 around half of Australian firms used computers and about a third had internet access (PC 2004). This usage, by 2007-08, had leapt to 87% with internet access and 36% with their own website or homepage (ABS 2009c). ICT adoption has fundamentally changed the interaction of Australian businesses with their suppliers and customers through e-commerce and call centres.

Online retailing, banking and other transaction services have grown exponentially as has the use of call centres by Australian businesses. Growth estimates vary but most agree the number of call centres exploded from around 800, in the mid 1990s, to more than 5000 sites and employing anything up to 250,000 people within a few years (ACTU, undated; Kjellerup 1999; Lowe 2004).

In summary, changes to the ways in which Australian firms 'relate to each other' is illustrated by the growth of services as firms have redesigned internal processes, some choosing to outsource production components and many outsourcing 'non-core' business functions. Overseas and local providers are meeting outsourcing needs with IT functions and call centre operations are becoming increasingly located offshore. The provision of outsourced business functions has been greatly enhanced by a strong uptake rate of ICT by Australian firms which has also transformed the interaction with suppliers and customers particularly through e-commerce and call centres. In addition, ICT is being acquired through partnerships and alliances, methods which are also being used for product innovation and commercialisation of new products.

These changes to the structural characteristics of Australia's form of competition have occurred as the state has actively intervened to improve competitive conditions for business through the NCP, and the National Reform Agenda, and a range of other actions. The state has also ensured during the same period, as shown earlier, a monetary regime which has delivered a climate of relatively low interest rates as well as new forms and sources of money, all of which are being rapidly accessed by Australian firms. We also saw earlier the declining share of national income held by wages, longer working hours and growing work intensity. These outcomes from the monetary regime and the wage-labour nexus, combined with Australia's form of competition directly shaped by state intervention, have created a set of profitability conditions exemplified by a strong upward shift in the share of profits in GDP. Throughout the 1980s, the profits share of national income rose strongly and once the NCP was well underway the profits share of GDP recovered to 45% by 2002 and has remained above that level since.

The growing share of national income held by profits has accompanied a much more profound shift. The primacy of the market has been strongly asserted and embedded, competition is regarded as a virtue and protectionism as an impediment to growth. Furthermore, there has been 'systematic use of state power to impose market imperatives under the ideological veil of non-intervention' (Saad-Filho and Johnston, 2005). The nation-state and local-state, through a wide range of interventions, have applied the neoliberalism doctrine of market solutions to a widening realm of economic activity and herein is one of the fundamental paradoxes of neoliberalism posed by Arestis and Sawyer (2005): why is there a need for competition policy in any national economy, if markets work so well through the process of competition? The arguments for competition do not suggest that it is not self-sustaining. Yet the instruments of Australian competition policy (for example, trade practices legislation, the NCP, the National Reform Agenda) are designed to prevent certain behavioural outcomes such as market dominance, monopolies and limits to market entry clearly indicating that these outcomes will occur unless the state acts to prevent.

2.4 The international position

Australia has shown an increasing 'outward orientation' since the 1980s evidenced by stronger and more pervasive international linkages in investment and finance and to a lesser extent, trade. These linkages flourished, in the 1980s and 1990s, following the abolition of tariffs, floating of the exchange rate, financial deregulation and relaxation of foreign ownership controls (Lowe 1994; Ravenhill 1997; Sklair 1996). Paralleling these domestic changes has been Australia's active participation and membership of the GATT Uruguay and Doha Rounds, the World Trade Organisation (WTO) since its creation in 1995, major regional trading blocs (e.g. the Asia Pacific Economic Co-operation (APEC) forum), and the rising prevalence of free trade agreements (FTAs) (Rodgers 1998).

Australia's international trade quadrupled in the twenty years to 2010 (ABS 2010b). Merchandise trade continues to dominate Australian exports and imports although services (e.g. tourism, financial services) have steadily grown to account for around 20% of total trade. Nearly two-thirds of Australia's exports still comprise primary products whereas 'elaborately transformed manufactures' (e.g. motor vehicles, computers, telecommunications equipment) make up around 55% of all imports. China has become the largest single merchandise export market (20 per cent) and import market (15%) and nearly three quarters of Australia's total merchandise trade is with other APEC members (DFAT 2010b)

In addition to membership of the APEC and the WTO, Australia has entered into six bilateral FTAs and is currently negotiating or considering a further nine (DFAT 2010a). All of Australia's FTAs include services, not just goods, as well as the 'liberalisation' of investment flows between countries. Australia's use of FTAs to cover investment flows between other countries reinforces the trend observed by the OECD following the 1994 North American Free Trade Agreement (OECD 2005).

The significance of investment flows is partially illustrated through the current account balance of Australia's balance of payments. Australia has consistently held, since 1990, a current account deficit dominated by a net income deficit not a trade (goods and services) deficit (ABS 2010b). The net income deficit comprises profit distributions and interest payments arising from international investment in Australia as well as loans to Australian-based companies.

Australia's stock of foreign investment, from 1990 to 2006, reflects a long-term pattern of investment inflow. Australia, metaphorically speaking, remains the third highest OECD country for direct foreign investment (FDI) although outward foreign investment stock has grown markedly since the late 1990s (OECD 2005). North America dominates inward and outward FDI and the United Kingdom has maintained a solid contribution to both, whereas Japan, a major Australian export destination, has been a stable origin of inward FDI but not a significant location for Australian outward FDI. In fact, Asia has accounted for a consistently small amount of outward stock compared to other locations notwithstanding the importance of the Asia-Pacific region to Australian trade.

Australian government policy towards FDI changed considerably from the early 1980s moving from an emphasis of 'restriction' to 'encouragement'. The removal of capital controls in 1983 and the entry of foreign banks, and adoption of a floating exchange rate, started the movement away from restrictions. From 1984, the threshold value requiring approval by the Foreign Investment Review Board was progressively increased and approval criteria became less rigid (Bryan and Rafferty 1999).

The 1990s saw further changes to attract foreign investment. The foreign ownership limit (by a single shareholder) for newspapers was raised to 25%, the 50% Australian equity requirement for new mining projects was abandoned and the threshold foreign investment value, requiring government approval, was increased. Since 1997, financial incentives (e.g. grants, tax relief, infrastructure services) have been made available to encourage foreign investment in Australia (Invest Australia 2005). More recently, and as a direct result of the Australia-US FTA, US investors have been granted preferential treatment through the application of an A$800 million threshold foreign investment value, indexed annually (Australian Government 2005a).

International flows of finance facilitate international flows of investment and trade. Overseas borrowing more than trebled from 1990 to 2006 and, although it has grown, overseas lending is around 40% of the value of overseas borrowing by Australian entities. This imbalance between Australia's international borrowing and lending is illustrated in the magnitude and growth of Australia's net external liabilities during the same period, equivalent to 43% of GDP in 1990 and rising to nearly 57% by 2006. Even more notable is the use of the vast majority of international finance coming to Australia to fund debt rather than equity. In 1990, only 10% of international borrowings funded investment in equity, rising to nearly 16% in 1996 but falling back to its 1990 level by 2005 (ABS 2010b).

The increasing importance of bonds as a finance source was mentioned earlier. The value of outstanding bonds issued by Australian entities, predominantly private non-financial corporations, escalated from less than A$200 billion in 1990 to A$834 billion in 2006 (ABS 2009a, 2009d). Moreover, these bonds have been increasingly issued in offshore financial markets. In 2006, more than 51% of bonds, from Australian entities, were issued overseas compared to 35% at the beginning of the 1990s.

The rapid growth of Australia's foreign exchange market, trading in both Australian dollars and other currencies, has also been mentioned. The Bank of International Settlements (BIS) reports that the Australian dollar is the sixth most actively traded of 200 currencies with more than 60% of this trading taking place in offshore markets. Australia's foreign exchange market is the world's seventh largest with average daily turnover reaching 5.5% of global turnover in April 2004 (BIS 2005). This turnover level is an increase of over 100% since 1995 and a massive 56% increase in the three years to 2004.

A further important relationship which impacts on Australia's international position is its membership of the OECD, comprising thirty countries with a shared commitment to the "fundamental benefits of liberal democracy and free markets" (DFAT 2005). 'Peer review and the accompanying effect of peer pressure' are the key tools used to achieve the desired change using highly-publicised scorecards of rankings against benchmarks and the 'naming and shaming' approach (OECD 2002). The OECD's promotion of the market economy, and a neoliberal agenda, has included strong support for the privatisation of government assets, 'reform' of government regulation applying to private sector activities, the use of market principles to determine the provision of public services, the application of competition to utility sectors (gas, water, electricity and telecommunications) as well as international trade and investment liberalisation consistent with the WTO regime.

Overall, Australia's international position can be summarised as one of increasing global dependence and integration. Exports are dominated by primary products, elaborately transformed manufactures dominate imports and nearly three-quarters of total trade is with APEC members. The current account deficit remains dominated by income payable overseas for past inward investment flows and loans. Australia's inward FDI continues to grow correlating to the encouragement of foreign ownership. Outward FDI has grown rapidly in more recent years coinciding with the strong growth in superannuation funds and Australia entering into a series of FTAs including with the US, a key source of imports as well as both inward and outward FDI. Australian entities have become increasingly dependent on offshore financial markets as a source of borrowings to finance debt – often through the issue of bonds - and Australian lending overseas has growth in recent years although Australia, metaphorically speaking, is far from being an exporter of capital. Australia's foreign exchange market has shown exponential growth and the Australian dollar has become one of the most traded currencies with the majority occurring in offshore markets.

Economic policy decisions to float the exchange rate, relax capital controls, abolish foreign ownership restrictions and negotiate free trade agreements, in conjunction with Australia's membership of the GATT, the WTO, the APEC and the OECD, have all actively fostered this global integration and dependence of Australia. In addition, Australia's actions and decisions actively support the neoliberal policy agendas of these international institutions to promote open trading borders free from government restraint as the solution to stimulate growth and reduce poverty. This agenda of global markets and free trade has moved from one of goods and services to encompass capital flows, and prefers free markets to government intervention on philosophical grounds than evidence of long-term economic and welfare gains (Deraniyagala 2005; Moody 1997; Shaikh 2005).

2.5 The state

The state has been quite pervasive in the development of Australian capitalism since the nation's genesis as a British colonial penal settlement. The colonial state established a local economy and was seen as responsible for economic development by landowners and commercial interests. By the mid-nineteenth century the state was regarded as the vehicle for infrastructure provision (roads, railways, ports, urban services, and communications) necessary to overcome economic development barriers in a vast and sparsely populated continent. Federation in 1901 resulted in a constitution which specified a limited but important set of powers for the state apparatus of the Federal government and allowed State governments considerable scope to pursue their own policies. The turn of the twentieth century also witnessed the historic 'class compromise' engineered, and subsequently regulated, by the state based on a policy framework of tariff protection against imports, a guaranteed minimum wage and restricted non-European immigration to Australia. This was also the period in which the Australian nation-state began providing albeit limited social welfare support (Bell and Head 1994a; Butlin, Barnard and Pincus 1982).

The embryonic Australian welfare state expanded between 1940 and 1970 with a considerable boost in expenditure on income security and new education, hospital, medical and housing programs. This expansion coincided with the Federal government's retention of power to levy income taxes which it had assumed from the State governments during World War II. Throughout this thirty-year span, the state steadily became the dominant owner of key infrastructure monopolies such as electricity, water, telecommunications, postal services, shipping, railways as well as banking, insurance and airline services competing with the private sector. This was also a period when a wide range of regulation was progressively introduced. Housing affordability was promoted by interest rate ceilings, higher and higher tariffs on imported goods became more embedded, and there was a marked upsurge in social regulation during the 1960s and 1970s such as controls over tobacco, alcohol and prostitution (Beresford 2000).

In the immediate post-war period, the Australian state was very receptive to the use of the new interventionist Keynesian macroeconomic management policies. Previously the annual Federal government budget has been viewed as a balance sheet not a policy instrument and "balanced budgets were the inviolable ideal" (Whitwell 1994: 121). The Second World War had led the Federal government to assume a role of economic control and then its 1945 white paper, *Full Employment in Australia*, explicitly proposed using public expenditure (budgetary policy) and monetary policy to counter cyclical downturns, a form of economic intervention not previously used but a 'distinctly Keynesian viewpoint' (*ibid*: 121-22). The scope of state activity expanded during the post-war era at both Federal and State government levels. One consequence of the changing and expanding complexion of state intervention was the growth of the public sector as government departments assumed responsibility for the direct provision of newly initiated services and programs.

This pattern of state-economy relations invokes a particular image of statism. Substantial control by the state over the economy is but one historical aspect of Australia's political economy. Economic intervention by the state historically – with the exception of industrial arbitration – was not "at the level of specific workplace relationships … in the detailed workings of the economy" (Bell and Head 1994b: 10-11). The Australian state played an economic 'macro-structuring' role.

When the long post-war period of economic growth ended in the mid-1970s, government expenditure was criticised as out of control leading to burgeoning deficits and a reliance on higher levels of taxation. It was further claimed that the bloated welfare state had eliminated individual initiative, business regulation was excessive and the taxation system stifled incentive and investment. The purported 'twin evils' of inflation and unemployment also emerged. The further entrenched that these problems became, the more fertile the ground for the acceptance of new approaches as criticism of the state's interventionist role became sustained (Bell and Head 1994b; Woodward 2005).

Reversal of the post-war Keynesian approach to economic management began in earnest after the Federal Labor government's election in 1983, despite early flirtations with expansionary programs linked with the Accord, and accelerated when the Liberal-National conservative coalition assumed government in 1996. We saw earlier the 1980s removal of exchange rate controls, floating of the Australian dollar, abolition of restrictions for offshore Australian investment, the entry of foreign banks, and deregulation of the financial sector including removal of the housing interest rate ceiling and lending directives along with changes to bank supervisory practices. The focus of monetary policy switched from banking system regulatory and credit controls to the general level of interest rates. These changes were followed by balanced budgets and then budget surpluses as all Federal and State governments sought to reduce the growth of public expenditure, reorder the allocation of funds across the functions of government and reduce public debt. At the same time, Australia became an active participant in international institutions advocating trade and investment liberalisation as well as entering into an increasing number of free trade agreements.

The virtue of the market was heralded as the solution to 'open up the economy' and ensure that Australia be part of the new 'globalisation'. The rhetoric of market forces and state minimalism became the drivers of economic policy (Bell and Head, 1994b) as the Australian state adopted, or moved towards embracing, Friedman's 'golden rules' of a neoliberal economic agenda

> making the private sector the primary engine of its economic growth, maintaining a low rate of inflation and price stability, shrinking the size of its state bureaucracy, maintaining as close to a balanced budget as possible, if not a surplus, eliminating and lowering tariffs on imported goods, removing restrictions on foreign investment, getting rid of quotas and domestic monopolies, increasing exports, privatizing state-owned industries and utilities, deregulating capital markets, making its currency convertible, opening its industries, stock and bond markets to direct foreign ownership and investment, deregulating its economy to promote as much domestic competition as possible ... [and opening its banking and telecommunications systems to private ownership and competition (Friedman 1999: 86-87).

This agenda progressively spread during the 1990s and 2000s as all Australian governments restructured their respective public sectors through the privatisation of public assets, outsourcing and contracting-out (through competitive tendering) for the delivery of government services, and the private provision of economic and social infrastructure (Chester and Johnson 2006; Fairbrother, Paddon and Teicher 2002). The Australian welfare system also has been pared back to direct provision of income 'safety net' payments with ongoing tightening of eligibility criteria, and regulation of private providers for a narrower range of welfare services (Saunders 2002).

These changes to the assets and functions of the public sector were integral to the Australian state extending its interventions to an economic 'micro-structuring' role without relinquishing its 'macro-structuring' functions. Three dominant examples of the 'micro-structuring' role adopted by the state are:

- introduction of a goods and services tax, income tax cuts leading to a flatter structure of rates, and tax incentives to encourage self-provision of services e.g. health insurance, superannuation;
- the nearly decade-long NCP program dismantling public utility monopolies and permitting third party access to infrastructure complemented by specific programs to improve the competitiveness of industry; and,
- progressive decentralisation of the determination of wages and working conditions to individual enterprises and workplaces.

With the extension of state interventions to 'micro-structuring', the Australian state created a new regulatory mode of governance characterised by an emphasis on the use of authority, rules and standard-setting (Hood, Scott, James, Jones and Travers, 1999). All parts of the public sector have become accountable to multiple regulators[9] and in turn, all public sector agencies perform regulatory roles either directly or indirectly. With the replacement of direct service provision by government agencies with contracting-out to the private sector, and the use of intra-public sector service contracts (Alford and O'Neill, 1994), the public sector has 'swapped' service provision with contract management which is a form of regulatory oversight through the use of contractually defined roles and responsibilities, performance standards, and dispute settling procedures. The same has occurred with the increasing provision of infrastructure through the use of public-private partnerships which cover many different types of contractual relationships between government and the private sector to produce an asset and/or deliver services (Chester and Johnson, 2006).

More recent extensions of this 'micro-structuring' role include: compulsory income management of designated welfare recipients; a temporary levy on individual's income above A$50,000 per annum to fund reconstruction after unprecedented natural disasters in early 2011; a tax on mining profits to fund company tax cuts, superannuation tax concessions and infrastructure provision; a 2010 banking reform package to give consumers more 'choice' to switch accounts and support for the residential-mortgage-backed-securities market; and a new regulator for the not-for-profit sector.

This 'micro-structuring' role is supported by regulatory institutions specifically created to promote regulation-*of*-competition and regulation-*for*-competition, two different forms of intervention by the state but prolific with the increasing hegemony of neoliberalism (Jordana and

[9] These regulators are generally functional and include central funding and policy oversight agencies, ombudsmen, auditors, anti-corruption bodies in addition to regulators for such matters as anti-discrimination, environmental protection and, workers compensation. In addition, there are a range of inspectorates which oversee specific services, for example, police, security (Hood, Scott *et al*., 1999).

Levi-Faur 2004). The former hold economy-wide responsibilities, such as the ACCC, in addition to replicating competition for government businesses with natural monopoly advantages. Regulation-*for*-competition is sector-specific (e.g. the Australian Energy Regulator) and far more intrusive, directly controlling and prescribing the market behaviour of individual firms as well as the operation of the market itself.

Prior to the recent global financial crisis, it was posited that the state had receded, declined or retreated (Jessop 1994a; Self 1993; Strange 1996). The Australian state, through its public sector, is certainly less directly involved in service provision than previously and the composition of assets has been significantly reduced in value, type and number through privatisations. However, there has been no relinquishment of its macro-structuring functions although its economic interventions have changed either through a different use of more-established instruments or through the use of new instruments. Moreover, the Australian state has developed an extensive 'micro-structuring' role through new regulatory instruments and institutions. To suggest that the collective result of these changed forms of interventions means a 'reduced state' presupposes a state defined only in measurable terms.

Some metrics of the Australian state have been proffered based on the expenditure of all levels of government including government businesses, the number of public sector employees or public sector outlays, taxation and borrowings as proportions of GDP (Bell and Head 1994b). Yet a 'quantified' state cannot explain the state's overall control of the economy because it excludes the impact of the interventions of the state through regulation. This point is even more poignant with the expansion of regulation to legitimise and enhance market forces as the Australian state has adjusted its armoury of economic interventions during the last thirty years. Not only does a 'quantified' state provide a truncated, inaccurate picture of the state's economic control, it offers no insight into the state's political authority. The state comprises more than "a distinct ensemble of institutions and organizations" (Jessop 1990b: 341) because the state's institutional organisation is shaped by, and cannot be separated from, a specific type of political orientation given its role to secure social cohesion, i.e. the economic and political functions of the state are not independent although the domain of civil society is greater than the economy. Quantification of the state's activities thus provides a superficial account of the state and the extent of its control.

The magnitude and speed of fiscal stimulus packages and financial bailouts, in response to the global financial crisis, led some to suggest that the state – through its bureaucratic and administrative arms – has returned to its former 'Keynesian ways'. The Australian state responded during October to December 2008 with interest rate easings, guarantees for bank deposits and wholesale funding of Australian banks, a A$10.4 billion fiscal stimulus (primarily cash payments to welfare recipients and low-income households), and a A$4.7 billion infrastructure program. In February 2009, there was a further A$42 billion fiscal stimulus (70% directed to quick-starting mid-scale infrastructure) followed in May by a large-scale A$22 billion infrastructure program. Nearly A$80 billion was injected into the Australian economy during late 2008 and 2009 which is roughly 8% of GDP. To view these measures as a reversion to Keynesian economic management overlooks the absence of commensurate institutional change characteristic of that era. It also overlooks the revenue and saving measures, accompanying these fiscal and monetary stimuli, designed to return to the Federal budget to a surplus in 2012-13 and halve debt within the next two years. This is not a return to Keynesianism but a response by the state, performing its macro-structuring functions, to prevent a long-term rupture of the contemporary growth regime.

The state's relationship to, and impact on, the economy is strongly illuminated by considering the mode of *régulation*, the configuration of institutional forms that guides and supports the accumulation regime. The form of the state, as an institutional form, plays a major role securing the other institutional forms and their overall complementarity to each other by relating to the mode of *régulation* in two ways - *within* the mode by supplementing and reinforcing the other institutional forms as well as acting *on* the overall mode (Delorme 2002; Lordon 2002). Economic policy is a key mechanism which the state uses to act on, and work within, the mode of *régulation*.

3 The evolving nature and outcomes of the Australian mode of *régulation*

The foregoing discussion demonstrates a marked shift in the structure of all five institutional forms, comprising Australia's mode of *régulation*, during the last three decades. A major influence has been increasing global integration driven by an Australian state which has actively embraced the notions of free trade and the removal of constraints on capital flows through bilateral trading agreements, other international alliances and a raft of economic policy decisions. Competition has been promoted strongly by the state through new national and sector-specific regulatory regimes, one of the world's largest privatisation programs, and contracting-out of services previously provided direct by government.

Other significant institutional changes to Australia's mode of *régulation,* in this contemporary neoliberal post-Fordist era of recent decades, have been:

- financial deregulation and central bank targeting of inflation;
- the introduction of a consumption tax, cuts in taxation rates favouring capital and taxation concessions increasingly used to 'encourage' individual provision of services;

- multiple agreements with labour culminating in the abandonment of national wage increases, centralised wage determination replaced by heavily regulated workplace bargaining, and cuts in real expenditure on the social wage; and
- substantial Federal Budget surpluses in the 12 years to 2008, budgetary expenditure following a pro-cyclical pattern, and public debt virtually eliminated until the stimulus packages of recent years responding to the global financial crisis.

Although the 'glorification' of markets has been pushed to new extremes, the form of competition remains characterised by monopoly or oligopoly with firms more intent on controlling the market than participating in an ideal pure form. The monetary and financial regime, and particularly the central bank's interest rate policy, is closely scrutinised by international financial markets. Monetary (interest rate) policy has become autonomous of fiscal policy with the exchange rate determined by financial markets, and the primary objective of the central bank is to minimise inflation.

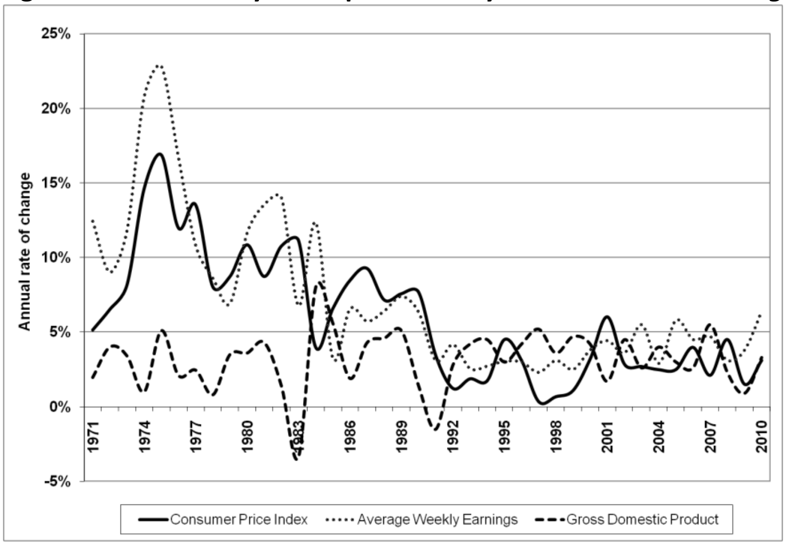
The progressive and cumulative impact of all these institutional changes has resulted in a particular configuration of the Australian mode of *régulation's* institutional architecture. Table 1 presents a generalised synthesis of the contemporary Australian mode of *régulation* compared to that which prevailed during the previous Keynesian-Fordist golden age. It is apparent that the overall organising principle of each institutional form has become, during the contemporary neoliberal post-Fordist era, one of market logic heavily directed and supported by strong regulatory interventions by the state. The nature and extent of the Australian state's interventions are far different from those during the period immediately following the Second World War until the 1980s. Yet these interventions – by the state at both macro and micro levels - are paradoxical given the prevailing economic and political ideology of neo-liberalism that promotes deregulation, much less intervention by the state, and the triumph of 'free' markets. This disjuncture between neoliberalism's free market rhetoric and actual outcomes is also illustrated in Table 1.

If one considers the Australian economic dynamic arising from this contemporary mode of *régulation,* some interesting outcomes are evident. Figure 5 charts the annual rates of change in wages, prices and GDP (as an indicator of economic growth) over the three decades to 2010. During the 1970s, all three macroeconomic variables follow a pro-cyclical pattern. Wages growth generally exceeded annual price movements, and the growth rates of both were greater than changes to GDP. The decade of the 1980s shows even greater volatility in economic growth rates (which on occasion are negative) although the rate of annual change generally remains below that for wages and consumer prices. From the mid 1980s it is evident that wages growth does not keep pace with inflation. With the Reserve Bank initiating a series of interest rate cuts from the beginning of the 1990s, the business cycle evens out relatively speaking with the growth rates of all three

TABLE 1: Australia's mode of *régulation,* neoliberalism rhetoric and outcomes				
Institutional form	**Keynesian-Fordist mode**	**Neoliberal post-Fordist mode**	**Neoliberalism rhetoric**	**Neoliberalism outcomes**
Wage-labour nexus	Centralised wage fixation system. Wage growth tied to consumer prices. Strong collective organisation of labour and prominent bargaining role. Expansion of welfare system and social wage.	Heavily regulated decentralised wage-bargaining. Declining trade union density. Growing dominance of individual employment contracts. Labour market segmentation into high-paid skilled jobs and casual/part-time unskilled lower-wage jobs. Increasing private provision of social wage elements. Welfare system pared back.	Deregulation and flexible labour markets will ensure full employment	Persistent unemployment and under-utilisation of labour. Decentralised wage determination system heavily regulated.
Money and finance	New credit forms. Housing interest rates capped. Central bank controls over the banking system. Foreign exchange controls.	Policy and operational independence of central bank. Monetary policy used to fight inflation and scrutiny by financial market. Companies run by financial logic. Systemic risk exposure of financial markets.	Interest rates set by market. Price stability possible without adverse impact on employment. Better service levels and reduced charges with greater competition.	Price stability (inflation target of 2-3% p.a.) but persistent unemployment and labour under-utilisation. Significant increase in charges for good previously provided direct by government. Escalating house prices and housing stress.
Competition	Oligopoly and high levels of industry concentration protected by tariffs. Legislative focus on anti-competitive behaviour.	Legislative restriction of concentration. Predominance of oligopolistic competition.	Deregulation will increase competition by entry of new firms. Greater growth, efficiency and welfare with more competition.	Increasing market concentration in all sectors and oligopolies dominant. Increasing regulation of economic activity to make it 'competitive'. Infrastructure and utility monopolies continue.
International position	Multi-lateral agreements. Growing internationalisation of financial markets. 'Pegged' exchange rate.	Adhesion to free trade principles. Increasing global integration through trade. Finance and investment promoted by international alliances such as WTO, OECD, APEC and bilateral FTAs.	Smooth currency adjustments. Autonomy of national economic policies.	Exchange rate volatility. National economic policies shaped by needs of TNCs (espec resources sector) and key trading partners (China, India, US).
Form of the state	Keynesian welfare state. Public expenditure directed to full employment objective. Indirect intervention in markets through wages and price policies.	Pursuit of structural competitiveness by proactive and market-enhancing state. Fiscal policy pro-cyclical until late 2008 in response to GFC. New forms of regulatory intervention and range of new institutions created.	Minimal intervention will enhance growth and productivity.	Little public investment in social and economic infrastructure. Falling productivity. New forms of social regulation (e.g. income management; intervention in indigenous communities). Recent stimulus packages reversing budget surplus to deficit equal to 4.9% GDP in 2009-10.

Source: Chester (2010)

Figure 5: Economic dynamic produced by Australian mode of *régulation*, 1971 to 2010



Source: RBA (2010)

macroeconomic variables broadly falling within a band of around 5% or less. Economic growth is generally sustained at high rates compared to the pattern of the previous two decades. The inflationary trend is downwards apart from an aberration around the middle of the decade and there is no evidence that wages growth fuelled inflation. Real wage growth in this decade was close to changes in productivity as the profits share of national income markedly rose in the early 1980s (Chester 2007: 993).

A different economic dynamic is evident in the new millennium. As the new forms of regulatory and micro-structuring intervention by the state accelerate, inflation begins to climb but falls somewhat marginally when economic growth dips. Annual wages growth outstrips consumer price changes during most years and moves inversely to economic growth, the latter only occurring very intermittently during the previous three decades. Stable and high growth is not being propelled by the simultaneous growth of real wages and productivity. The trajectory of economic growth has become more volatile than the 1990s and is more reminiscent of the 1970s. The same can be concluded for the wage and price growth paths although neither have rates of change of similar magnitude to the 1970s nor is there a marked differential with economic growth rates. The pattern over the last two decades, depicted in Figure 5, shows that Australian wages growth has generally outpaced the annual rate of change in consumer prices and, since the late 1990s, has developed a consistent inverse relationship with economic growth. As GDP dips, wages growth is greater and then falls below GDP as the latter escalates. Data for 2009 and 2010 signal a change in this relationship, although maybe only temporarily as a result of the fiscal and monetary responses to the global financial crisis.

The changing nature of interventions by the Australian state, and institutional restructuring, has led to the current economic dynamic evidenced by the conjunction between wages, consumer prices and economic growth. Figure 6 overlays some of the most significant institutional changes to Australia's mode of *régulation,* during the period 1980 to 2010, onto the economic dynamic illustrated in Figure 5. The progressive and cumulative impact of these institutional changes, these interventions by the state, has resulted in a particular configuration of the Australian mode of *régulation's* institutional architecture. It is this evolving configuration which has led to the unprecedented pattern of growth of far less volatility. It is also this evolving configuration which has led to increasing numbers in precarious employment, unsustainable levels of household indebtedness, a general widespread weakening of labour, unprecedented levels of direct state assistance to capital at the expense of improvements to the social wage, and increasing embeddedness within the international economy. The recent stimulus packages, responding to the global financial crisis, may sustain the current growth regime as exemplified in Figure 5 but at what, and whose, cost? The Federal government has repeatedly stated its intention to quickly return to a budgetary surplus and a halving of debt within the next two years. It is clear who will pay the cost given the current configuration of Australia's mode of *régulation.* This evolving configuration of Australia's institutional architecture also confirms previous observations of the ongoing metamorphosis of the mode of *régulation* to ensure its enduring capacity to reproduce and maintain capitalism's social relations and thus the conditions for ongoing capitalist accumulation. The practices of neoliberalism, not its rhetoric, have driven these changes exercised by the state and reconfiguring of the mode's constituent elements will continue, not abate, to maintain the conditions for accumulation.

4 The institutional architecture and economic dynamic of Anglophone liberal market-based economies

Table 2 compares the Australian neoliberal mode of *régulation* and outcomes with a broad synthesis of the institutional architecture and outcomes for the other prominent members of the Anglophone capitalism cluster - the US, UK and Canada – of which the US has been denoted as the "paradigmatic case" (Peck and Theodore 2007).

It is immediately apparent from Table 2 that the overall organising principle of each institutional form, for each economy, is one of market logic strongly framed and underpinned by regulatory interventions by respective nation-states. Some other common points are: policy and operational independence of central banks; monetary policy used to fight inflation; adhesion to free trade principles; sector specific and national competition regulation; oligopolistic competition prevails; persistent unemployment; labour market segmentation; low levels of, and in some cases significant declines in, trade union density and collective bargaining coverage; marked increases in public social expenditure since 1980 despite substantial paring of welfare systems; marked increases in utility charges; escalating household debt; and increasing private provision of social wage elements. Despite these points of commonality, some significant points of differentiation are evident, including:

Figure 6: Significant institutional changes and Australia's economic dynamic, 1980 to 2010

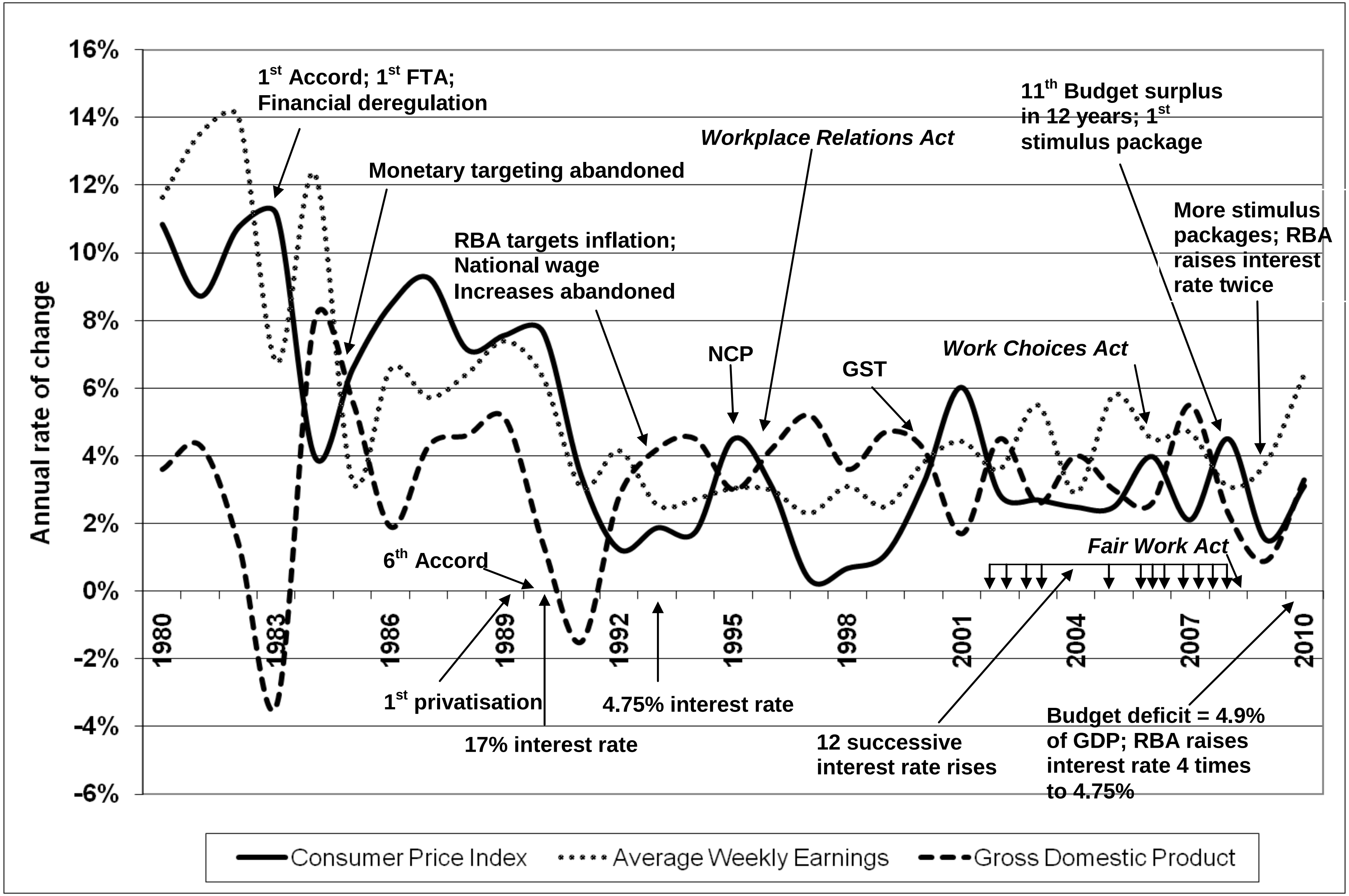


TABLE 2: US, UK, Canadian and Australian neoliberal post-Fordist modes of *régulation* and outcomes				
Institutional form	**US**	**UK**	**Canada**	**Australia**
Wage-labour nexus	Minimal regulation and localised wage determination. Collective bargaining coverage nearly halved to 14% in 20 years to 2000. Low trade union density. Labour market segmentation. Growth in temporary and part-time jobs. Fall in minimum wages to barely a third of median. Limited social wage provision. Welfare system eligibility tightened. Persistent unemployment and rapid rise from 2008. Increased long-term and youth unemployment. Public social expenditure increased from 39% of total govt expenditure in 1980 to 44% in 2007.	Wage councils replaced with national minimum wage. Statutory union recognition. Collective bargaining coverage falls from 70% to 30% from 1980-2000. Slight fall in trade union density. Sharp increase in claims to employment tribunals. Growth in temporary and part-time jobs. Minimum wages stable around 46% of median. Persistent unemployment falling to around 5% this decade but rapid rise from 2008. Persistent long-term unemployment (>25% unemployed). Increasing private provision of retirement income. Cuts to amount and duration of unemployment benefits. Public social expenditure increased from 36% of total govt expenditure in 1980 to 46% in 2007.	Federal, provincial and territorial employment standards. Collective bargaining coverage falls marginally to 32% from 1980-2000. Trade union density relatively stable around 30%. Growth in temporary and part-time jobs. Minimum wages about 42% of median. Persistent high levels of unemployment although downward trend until 2008. Falls in youth and long-term unemployment. Public social expenditure increased from 33% of total govt expenditure in 1980 to 43% in 2007.	Heavily regulated decentralised wage-bargaining. Collective bargaining coverage stable at 80% from 1980-2000 then growing dominance of individual employment contracts and declining trade union density. Fall in ratio of minimum to median wages to 52% by 2008. Increasing private provision of social wage elements. Welfare system pared back. Persistent unemployment. Falls in youth and long-term unemployment. Public social expenditure increased from 32% of total govt expenditure in 1980 to 48% in 2007.
Money and finance	Policy and operational independence of central bank although oversight by US Congress. Monetary policy used to fight inflation and scrutiny by financial market. Systemic risk exposure of financial markets. Price stability (no explicit inflation target although desired range stated of around 1.5-2% p.a.) but persistent unemployment. Significant increases in utility charges. Escalating household debt and housing stress.	Policy and operational independence of central bank from 1997. Monetary policy used to fight inflation and scrutiny by financial market. Price stability since early 1990s (annual inflation target of 2%) but persistent unemployment. Significant increases in utility charges. Largest recipient of financial income from rest of the world. Escalating household debt (ratio of debt to income highest of G7 economies).	Policy and operational independence of central bank 1991. Monetary policy used to fight inflation and scrutiny by financial market. Systemic risk exposure of financial markets. Inflation target (mid-point of 1-3% p.a.). Escalating household debt driven by revolving credit.	Policy and operational independence of central bank from 1993. Monetary policy used to fight inflation and scrutiny by financial market. Systemic risk exposure of financial markets. Price stability (inflation target of 2-3% p.a.) but persistent unemployment and labour under-utilisation. Significant increase in charges for good previously provided direct by government. Escalating household housing debt and house prices/housing stress.
Competition	Anti-trust legislation pared back in 1980s with focus moved from limiting power/preserving diversity to one of business and consumer interests. Sector specific and national competition regulation. Oligopolistic competition prevails (e.g. media, health care, beer).	Legislation to prohibit anti-competitive behaviour, and control mergers and acquisitions. National competition regulation and sector specific regulation with complex regulatory regimes created for energy, water and transport. Oligopolistic competition prevails (e.g.	Legislation to prohibit anti-competitive practices. Sector specific and national competition regulation. Oligopolistic competition prevails (e.g. telecommunications, civil aviation manufacture).	Legislative restriction of concentration. Predominance of oligopolistic competition (e.g. media, banking, grocery retailing, utilities, domestic airlines). Increasing market concentration in all sectors. Increasing sector specific and national

TABLE 2: US, UK, Canadian and Australian neoliberal post-Fordist modes of *régulation* and outcomes				
Institutional form	**US**	**UK**	**Canada**	**Australia**
	Increasing market concentration in all sectors.	banking, grocery retailing, detergent).		competition regulation of economic activity to make it 'competitive'.
International position	Adhesion to free trade principles. Dominates global trade/financial markets and institutions. 17 FTAs and 4 being ratified or negotiated. World's leading importer and 3rd largest exporter. High reliance on energy imports. Trade deficit since mid 1970s and more than 6% of GDP by mid 2000s. Leading host economy for foreign direct investment inflow. By 2009, assets held by foreigners were double the foreign assets of US owners.	Adhesion to free trade principles. Key player in global trade/financial markets and institutions. 5th largest trading nation. 3 FTAs and 3 being negotiated. Also party to all EU trade agreements. Trade deficits dominant since mid 1980s. High reliance on imports of food and natural resources.	Adhesion to free trade principles. Increasing global integration through trade and financial markets. 10 FTAs and 12 pending. US is largest trading partner. Trade surpluses from 1970s until 2009. Net exporter of energy.	Adhesion to free trade principles. Increasing global integration through trade and financial markets. Finance and investment promoted by international alliances such as WTO, OECD, APEC and bilateral FTAs. Exchange rate volatility. National economic policies shaped by needs of TNCs (espec resources sector) and key trading partners (China, India, US). 6 FTAs and 5 being negotiated. High reliance on exports of minerals, energy and agricultural products, and manufactured imports. Trade deficits from 1980s until late 2000s.
Form of the state	Pursuit of finance-led growth. Extensive and penetrative web of regulation underpinning markets fragmented across many agencies. Budget deficit every year since 1980 except 1998-2001; equal to 10.9% of GDP in 2011. 20% of national budget expenditure on defence and security.	Pursuit of finance-led growth. Budget deficit since 1980 except 2 years in late 1980s and 1998-2001; equal to 10.2% of GDP in 2011. Austerity program adopted in 2010. Recent cuts to corporate tax rate. Deficit to be eliminated by 2014-15. 9% of national budgetary expenditure on defence. Voluntary sector and civil action expected to deliver services previously funded by government.	Pursuit of export-led growth. Fiscal policy pro-cyclical until 2008 in response to GFC. Annual budget surplus from 1998 until 2009. Surplus to be restored by 2015; budget deficit equal to 3.7% of GDP in 2010. 8% of national budgetary expenditure on defence.	Pursuit of structural competitiveness by proactive and market-enhancing state. Fiscal policy pro-cyclical until late 2008 in response to GFC. New forms of regulatory intervention and range of new institutions created. Little public investment in social and economic infrastructure. 6% of national budgetary expenditure on defence. New forms of social regulation (e.g. income management; intervention in indigenous communities). Recent stimulus packages reversing budget surplus to deficit equal to 4.9% of GDP in 2009-10; surplus to be restored in 2012-13.

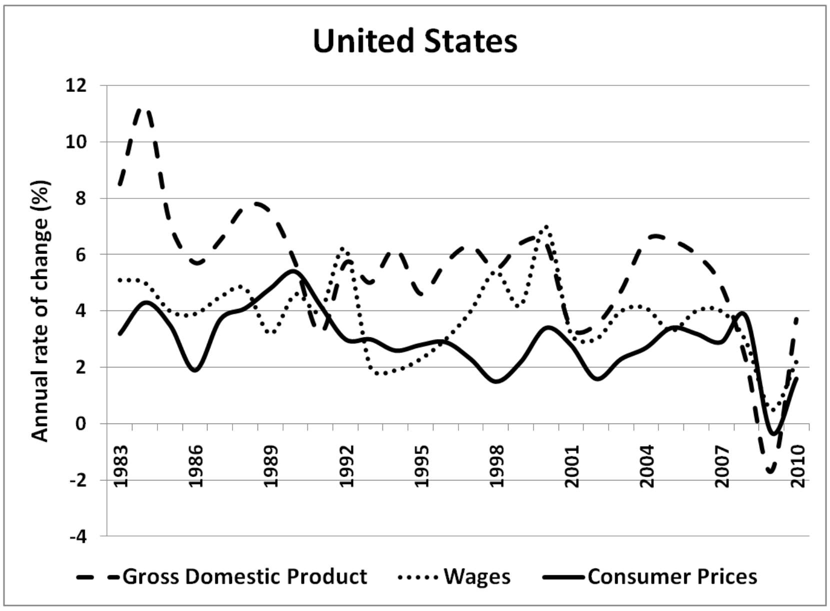
Source: Chester (2010); Duménil and Lévy (2011); Howell and Kolins Givan (2011); OECD (2011a, 2011b); Pontusson (2005)

- the US and UK are finance-led growth regimes, Canada is export-led and Australia has been pursuing structural competitiveness with a high reliance on primary exports;
- the US and UK hold hegemonic international positions whereas the international insertion of Canada and Australia is framed by their respective export markets and developing through the increasing adoption of trading agreements;
- Canada's export-led growth regime is highly dependent on the US while that of Australia is strongly reliant on primary exports to China and India and thus the economic growth rates of each will be influenced by that of their dominant export partners;
- there is explicit inflation targeting by the UK, Canada and Australia but not by the US;
- the ratio of minimum to median wages has noticeably fallen in the US and Australia but remained relatively stable in the UK and Canada;
- long-term unemployment is persistent or increasing in the UK and US but has fallen in Canada and Australia;
- decentralised wage-bargaining but heavily regulated in Australia and three levels of government in Canada determine employment standards;
- trade deficits are longstanding for the US, UK and Australia but a recent phenomenon for Canada;
- national budget deficits have prevailed in the US and UK since 1980 whereas budget surpluses dominate Canadian and Australian budgetary policy since the 1990s until the recent global financial crisis reversed the situation; and
- expenditure on defence accounts for 20% of the US national budget compared to 9% in the UK, 8% in Canada and 6% for Australia.

Many of these characteristics and outcomes are contrary to neoliberalism's free market rhetoric although, for the purpose of this discussion, the economic dynamic (evidenced by the conjunction between wages, prices and economic growth) arising from these institutions provides evidence of deeper structural differences within the Anglophone capitalism cluster. Figures 7, 8 and 9 show the annual rates of change in wages, prices and GDP (as an indicator of economic growth) from 1983 to 2010 for the US, UK and Canada respectively.

For the US (Figure 7), the volatility in GDP growth, like Australia, was reduced after the late 1980s until 2007. GDP growth has generally outstripped that of wages and prices, the exceptions being in the early 1990s, early 2000s and 2008-09 although in the early 2000s economic growth did not dip significantly below the growth rates of the other two macroeconomic variables. Wages growth has also been generally greater than prices throughout the period although this position is reversed in the late 1980s, during 1994-95 and in 2007. Notably the long-term relationship between wages and prices growth appears restored since 2008 when GDP growth becomes negative the following year.

Figure 7: Economic dynamic produced by US mode of *régulation*, 1983 to 2010

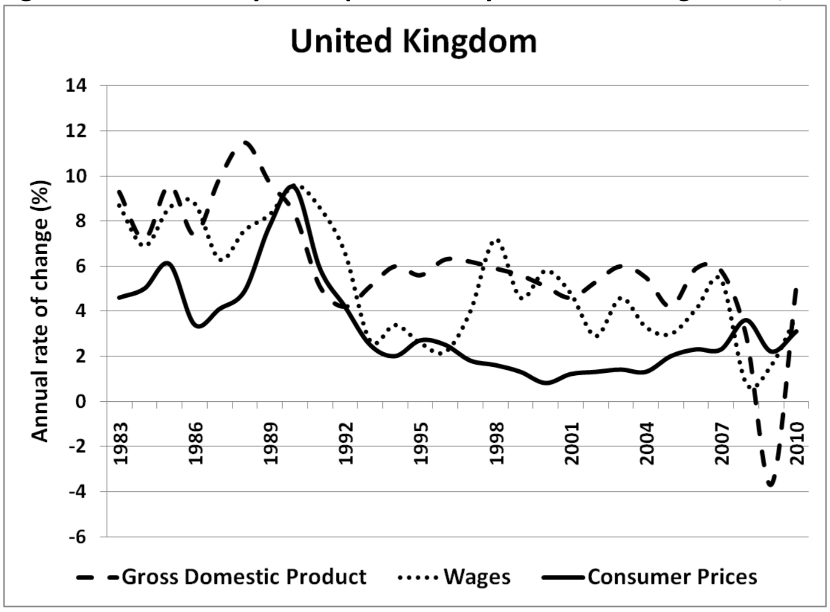


Source: OECD (2000, 2006, 2010)

A somewhat similar pattern is shown by the UK (Figure 8). The volatility of the 1980s is less evident in the subsequent two decades and GDP generally outstrips wages and prices except in the late 1980s-early 1990s, late 1990s and 2008-09. In addition, like the US, wages growth has generally exceeded the annual rate of change in prices other than in 1990, 1993, 1995-96 and 2007-09. However, three aspects distinguish the UK economic dynamic from that of the US. First, throughout the period, the difference between the year-on-year changes in wages and prices is far greater in the UK although the gap is considerably narrowed from 1989 to the mid-1990s. Second, the episodes when GDP growth has been surpassed or equalled by wages and prices, have occurred at slightly earlier than in the US. Finally, the long-term relationship between wages and prices was not resurrected in 2007-09 although the data for 2010 show some signs that this may have been a temporary aberration as in 1995-96.

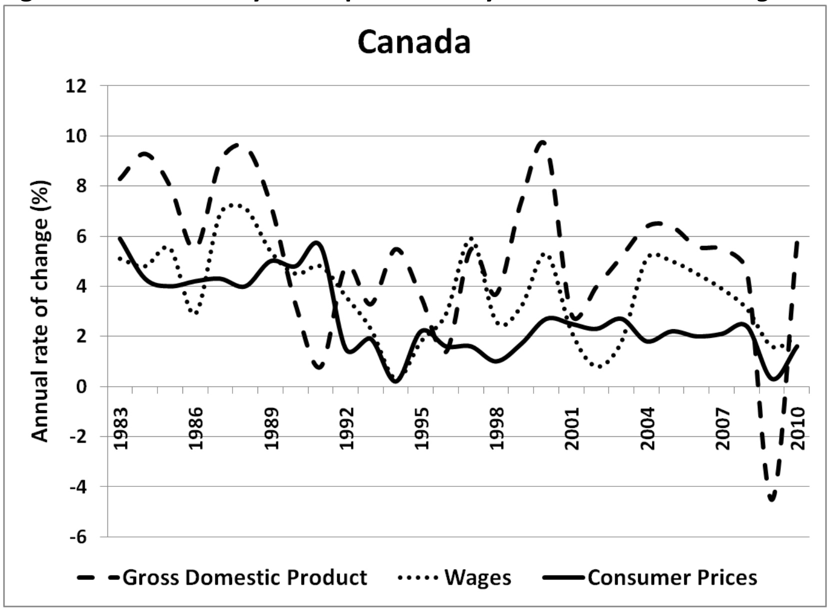
The Canadian economic dynamic (Figure 9) shows more ongoing volatility than that for the US, the UK or Australia although there are some strong similarities with the US and UK, namely: wages generally outstripping price increases and the occasions where this is not the case are akin to those for the US and UK; GDP growth rates generally outpace wages and prices growth; GDP growth becoming negative in 2009; and the long-term relationship between wages and prices not being affected by the fall in GDP growth rates post-2007.

Figure 8: Economic dynamic produced by UK mode of *régulation*, 1983 to 2010



Source: OECD (2000, 2006, 2010)

Figure 9: Economic dynamic produced by Canadian mode of *régulation*, 1983 to 2010

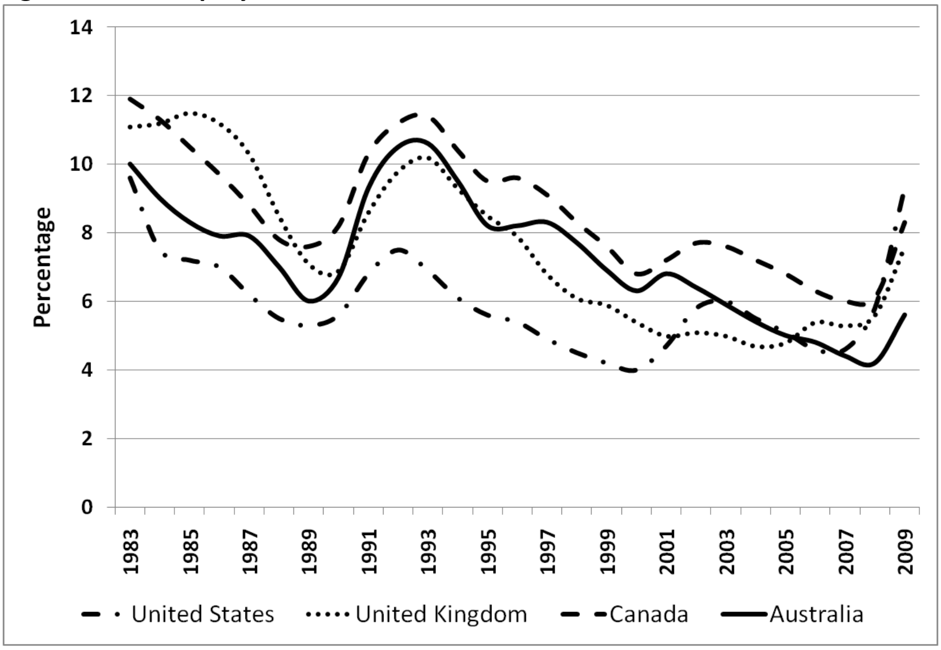


Source: OECD (2000, 2006, 2010)

There are, however, some significant points of differences between the above findings and those discussed earlier for Australia, most notably:

- Australia experienced negative economic growth in 1983 and 1991 but not in 2009. None of the other 3 economies of the Anglophone cluster exhibited such a pattern, only showing negative GDP growth in 2009;
- the rate of change in Australia's GDP has *not* generally eclipsed wages and price growth. During the period 1983 to 2010, GDP growth exceeded the rates of change for both wages and prices on only four occasions. This compares to 25 occasions for the US, and 24 for both the UK and Canada; and
- Australian wages growth, from the late 1990s, developed a consistent inverse relationship with economic growth until 2009 and 2010 – and that relationship shows year-on-year reversals. The same relationship is not present in the US, UK or Canada which all tend to exhibit a pattern of wages growth generally mirroring economic growth.
- Interestingly, these perceived differences in the economic dynamic between the four Anglophone economies are not reflected in rates of unemployment (Figure 10). Since 1990, the two smaller Anglophone economies of Canada and Australia have the highest unemployment rates. The US has maintained the lowest rate of all four economies since 1983. All show a sharp upswing since the global financial crisis and slumps in economic growth rates.

Figure 10: Unemployment rates, 1983 to 2009



Source: OECD (2000, 2006, 2010)

6 Concluding comments

Given its high reliance on market mechanisms for coordination of the economy, Australia is commonly categorised as a liberal market-based variety of capitalism along with the other English-speaking economies of the US, the UK and Canada. However, Australia's growth pattern following the ascendancy and hegemony of neoliberalism has not mirrored that of these other Anglophone economies, and did not turn negative during the global financial crisis as occurred elsewhere.

Different forms of capitalism are observable through differing configurations of capitalism's institutional architecture, or mode of *régulation.* Hierarchies or dominance of particular institutional forms have also been observed to characterise different modes of *régulation* with the monetary regime (finance and credit relationships) and the 'internationalisation of competition' currently dominant compared to the wage-labour nexus during Fordism. However, these observations are not confirmed by two substantive findings of the foregoing analysis of the neoliberal post-Fordist institutional architecture of four economies within the Anglophone liberal market-based cluster.

First, the analysis demonstrated significant differences in institutional features and conjunctions *within* one so-called type of capitalism. Notwithstanding that the contemporary organising principle of each institutional form, for each economy, has become one of market logic strongly framed and underpinned by regulatory interventions by respective nation-states, and other points of commonality, *not* all liberal-market based economies are pursuing the same neoliberal post-Fordist growth regime (the US and UK are finance-led, Canada is export-led and Australia has pursued structural competitiveness with a high reliance on primary exports). In addition, there are very notable differences in international positions, budgetary policy approaches, trade deficits, regulation of decentralised wage-bargaining, the ratio of minimum to median wages, and patterns of long-term unemployment.

Second, the analysis demonstrated that neoliberal post-Fordist dominance of the institutional forms of finance and competition is not shared *to the same extent* in all liberal-market based economies. The wage-labour nexus is still very dominant in Australia's contemporary mode of *régulation* despite the monetary regime exerting a stronger influence than during Keynesian-Fordism. This is not shared by the US and the UK. Overall, Canada and the Australia show greater similarities of dominant institutional forms than if compared with the larger economies of the US and UK. The economic growth rates of Canada and Australia also closely reflect that of their dominant export partners – Australia tied to the currently high economic growth rates of China and India; Canada heavily tied to that of the US.

The purpose of this chapter has not been to engage with the 'varieties of capitalism' discourse nor debate the merits or shortcomings of the 'two capitalisms' categorisation. The purpose of this chapter's discussion has been to discern the defining character of Australian neoliberal post-Fordist capitalism vis-à-vis those economies with which it is constantly categorised. The foregoing analysis has delineated commonalties, as well as clear and distinct differences, between four liberal market-based economies following the ascendancy of neoliberalism. These differences are too numerous and influential on the economic dynamic of these economies to suggest that the commonalties are superior and thus outweigh the significance of these differences. Australia has been found to not readily replicate or shadow the contemporary neoliberal institutional architecture and economic dynamic of the other three economies. This, I would contend, suggests that particular categorisations of capitalism – such as the dualism of the 'varieties school' - may be too generalised and mask important structural neoliberal post-Fordist differences within each category which engenders some meaninglessness to the classification. A more meaningful and realistic understanding of the differences (and similarities) between purportedly 'like capitalisms' can, however, be gleaned by analysing a nation-state's institutional structure.

The size of the Australian economy undoubtedly is a direct determinant of the limited interest, outside Australia, of understanding this expression of capitalism. Yet this should not be an excuse for any variant of neoliberal post-Fordist capitalism to be unacknowledged and instead subsumed by a US-centric typology. The institutional architecture of the Australian liberal market-based economy is evidence that neoliberalism has not generated a 'one-size-fits-all' to sustain and secure different varieties of capitalism. The Australian neoliberal post-Fordist mode of *régulation* not only confirms the ongoing metamorphosis of the mode of *régulation* to ensure its enduring capacity to reproduce and maintain capitalism's social relations and thus the conditions for ongoing capitalist accumulation. It also confirms that the practices of neoliberalism, not its rhetoric, have created distinctive features within the institutional forms comprising the mode of *régulation,* and their conjunction, to ensure capitalism - in all its guises and variants – sustained and secured. Not only has the endurance of capitalism been bolstered but the hegemony of neoliberalism has been further strengthened through its different forms of stranglehold over the different forms of capitalism.

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