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Towards a New Theory of Historical Political Economy: Explaining Regime Change in 1980s Australia

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Summary

Shifts in regimes of political economy can be revolutionary in scale and significance even without overturning the formal structure of government. The neo-liberal transformation of Australia in the 1980s amounted to such a pervasive change in the regulatory regime that we are justified in seeing it as revolutionary. Like all revolutions it had deep roots and overturned much of the institutional structure; but much also survived from the old regime to the new. Two connected approaches to explanation of this transformation – adaptationism and rational choice – have focused on the ideas of the supposed necessity of adaptation to changing global conditions and the rational choices that societies somehow make to adapt to these conditions. They emphasize global forces in the present and tend to downplay or ignore the complexity and history of Australia's internal political economy and the role of structured agency.

In this paper I argue that regime survival and change has little to do with collective rational choices in the past or present and that socio-institutional change in fact is not a process with an adaptation-oriented or progress-oriented goal or purpose. In these current debates about political economy and policy there is also an ever-present tendency to write history backwards and so to denigrate past arrangements as failures compared with the present. Contemporary policy arguments often show little understanding of the long-run strengths, coherence, and legitimacy of previous regimes or regulatory arrangements. That old Australian regime survived more or less unchanged since before the Great War. The key feature was the historic compromise between capital and labour, mediated via the state and the institutions created to implement it, including the arbitration court, the protectionist system, white Australia and the immigration program, agricultural marketing, the federal/state financial arrangements, and the state-owned banks. Of course the system worked imperfectly and often with contention but it survived more or less intact until the early 1980s.

What forces were driving towards the transformation and why did the old regime survive so long? Why was it transformed when it was, and why was it replaced so easily, rapidly, and

extensively? This paper tries to articulate a theoretical framework, derived from the structuralist tradition and emphasizing agency, history and neo-darwinian evolution, in which questions such as this can be answered adequately.

The essence of the argument can be stated thus:

- Regimes of regulation of political economy are the vital intermediate organizational level that provide the necessary stability for economic, social, and political life.
- Such regimes have a dynamic integration with their social formations and are reproduced through human agency.
- Changes in regimes generate as innovations at the micro level of institutions, which are integrated together to form a regime's structure.
- Innovations arise as responses to macro conditions at political economy, societal, and global levels, which in turn act as the selection environment for innovations.
- Eras of stability of regimes and social structures are interspersed with short phases of transformations so that the long-run history of regimes and societies presents a pattern of punctuated equilibrium.