9. Australia: 'the lucky country' on a knife edge

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1. Batten down the hatches

In October 2008, the All Ordinaries, Australia's oldest share index, having reached an all-time high in late 2007, went into free fall. By March 2009, it had halved in value—a record low. As the other polities studied in this volume fell into recession, the Australian public watched on, increasingly feeling the effects of the downturn. The lack of government debt and the apparent resilience of Australia's economy—tied as it was to the still-booming China—provided reasons for hope. As the crisis hit an increasing number of Australia's trading partners, however, the pinch was increasingly felt. Together, this highlighted the challenges leaders faced when trying to convince the public not to lose confidence in the economy. When in June 2009 the Rudd Government was able to declare that 'Australia is the only advanced economy as of today not in recession', the policy of pre-emptively tackling the economic downturn appeared to be vindicated.

Throughout these tense months, maintaining business and public confidence was a key concern of Australian Prime Minister Kevin Rudd, Treasurer Wayne Swan, and Governor of the Reserve Bank of Australia (RBA) Glenn Stevens. They sought to articulate the crisis to key stakeholders and the broader Australian public, to contain the crisis, to create support for the unprecedented measures they were taking and potentially to use it to their advantage. This chapter examines their public leadership during this period.

The Rudd Government had been in power since December 2007. In this period, several high-profile events abroad served to raise alarm bells in Australia. Three months before Rudd assumed office, the United Kingdom had experienced the most severe run on a bank in more than a century, and three months into Rudd's first term US investment bank Bear Stearns collapsed. The Australian economy was experiencing a continuing resource boom and, consequently, the RBA continued to raise rates to keep a lid on inflation (maintaining a 7.25 per cent interest rate until September 2008). Meanwhile, the US Federal funds rate was approaching zero and central banks around the world had begun to reduce their own rates. With increasingly dire economic news from abroad, Australians were watching the storm clouds gather. By September 2008, the crisis was well and truly on Australia's doorstep.

Box 9.1 Australia's financial crisis trajectory, March 2008 – March 2009

4 March 2008: Interest rates peak at 7.25 per cent, the RBA stating that there is a need to control inflation and slow growth.

20 March: Australian investment group Opes Prime collapses—the first victim in Australia of the global financial crisis.

10 April: The International Monetary Fund (IMF) predicts that Australia will not suffer from the same slump in growth rates that other nations will as a result of the global slowdown.

14 May: The 'responsible' and 'inflation fighting' 2008 federal budget is handed down in surplus. Beechwood, the largest home builder in New South Wales, collapses.

16 May: The All Ordinaries rises above 6000 points, driven by growth in mining stocks. Three days later, the Australian dollar hits a 24-year high of 95.71 US cents.

June: Australia is defying global trends, with gross domestic product (GDP) growing 0.4 per cent in the June quarter.

3 July: Borrowing for housing drops to its lowest rate since 1991.

10 July: The All Ordinaries drops below 5000 points on the back of investor concern about global recession.

25 July: The National Australia Bank (NAB) announces a write-down of almost \$900 million worth of residential mortgage-backed securities. Within days, the ANZ Bank announces similar losses.

6 August: Consumer confidence levels and home-loan approvals are found to be in historic decline.

20 August: Opposition Leader, Malcolm Turnbull, claims that 'talking the economy down' by the government has had a deleterious effect on economic confidence.

2 September: The RBA cuts the cash rate back to 7 per cent.

15 September: The RBA injects \$1.3 billion into the financial sector. Treasurer Swan warns that Australia will not be immune from the effects of the financial crisis.

16 September: Prime Minister Rudd states that the global financial crisis still has 'a long way to run yet' as the Australian dollar falls to 12-month lows and the share market falls to four-year lows.

18–21 September: Chaos on Wall Street starts another wave of dramatic tumbles at the Australian Stock Exchange (ASX). The Federal Government places a ban on the short-selling of stock.

26 September: In an address to the United Nations General Assembly, Rudd calls for a global response to the financial crisis

7 October: The RBA slashes interest rates to 6 per cent.

10 October (Black Friday): The All Ordinaries takes a 21-year record dive of 8.2 per cent to 3939, and \$87 billion is wiped off the value of the ASX.

14 October: Rudd announces a \$10.4 billion stimulus package to help Australia avoid going into recession.

24 October: Investment giant Babcock & Brown goes into trading insolvency.

November: Major companies Allco Finance, Freightlink and ABC Learning go bankrupt.

4 November: The RBA cuts rates to 5.25 per cent.

16 November: G20 Washington Summit announces the six-point economic plan. Rudd reiterates the need for international responses at the Asia-Pacific Economic Cooperation (APEC) meeting the next week.

21 November: The All Ordinaries sinks to a new low of 3235.

December: Australia's GDP growth rate contracts in the December quarter, falling to -0.5 per cent.

2 December: The RBA cuts its interest rate to 4.25 per cent.

8 December: The ANZ job advertisement survey and NAB business confidence index fall to their lowest levels since the 1991 recession.

January 2009: Unemployment rises to 4.8 per cent; building approvals fall almost 13 per cent nationally.

21 January: BHP Billiton lays off 3300 workers.

1 February: Swan announces that a budget deficit is now 'inevitable'.

3 February: The cash rate reaches a historic low of 3.25 per cent. The government announces the \$42 billion National Building and Jobs Plan.

March: Unemployment hits a four-year high at 5.7 per cent; GDP recovers to 0.4 per cent.

13 March: The All Ordinaries hits its lowest point in nearly six years at 3052.

26 March: The RBA announces its belief that the economic stimulus package is working.

2. Methodological considerations

This chapter follows the methodology laid out in Chapter 2. Twelve key speeches were chosen—four from each leader—from the period late March 2008 to March 2009. The speeches were selected primarily on their direct relevance to the crisis and the amount of coverage they received. Where possible, however, effort was made to include a spread of dates, thereby allowing insight into the evolution of the leaders' frames.

To gain a sense of the counter-frames and framing contests in Australia, this chapter considers a key sample of print media. The three prominent newspapers selected for analysis—*The Australian*, *The Age* and the *Australian Financial Review* (*AFR*)—were chosen for a number of analytical reasons. Fairfax owns two of the papers (the *AFR* and *The Age*), while News Corporation owns the other (*The Australian*). The *AFR*, a national paper, is the most prominent business daily, with an average daily circulation of 90,000 (92,000 on the weekend) (Australian Press Council 2008). Although its circulation was not as high as some of the other major broadsheets, its focus on economics and finance was desirable for this project. *The Australian*, with a circulation of 136,000 (301,000 on the weekend) (Australian Press Council 2008), has a centre-right editorial outlook and is the only other major national paper, often featuring more commentary on economic matters than the metropolitan dailies. *The Age*, with a circulation of 208,000 (and an average of 228,000 on the weekend) (Australian Press Council 2008), considered to be left-wing or centre-left, is a Melbourne-based paper circulated in other major centres.

Within seven days after each address, all references to the speech or its substantive content were extracted from these three publications and analysed. The extent of agreement with Rudd's, Swan's or Stevens' framing of the severity, causality, proposed policy and overall support for the speaker is discussed after each speech section. Using this qualitative analysis as a general indicator, it is possible to gain a sense of the responses to each speech and to identify the main framing battlegrounds. Public opinion data from Essential Research, Newspoll, Nielson and GlobeScan were also used to provide a contextual backdrop and, where applicable, were taken into account as indicators of the public's response to the leaders' framing.

3. Crisis exploitation and elite rhetoric in Australia

31 March 2008: the Prime Minister and the crisis abroad

Kevin Rudd had been Prime Minister for nearly four months when he embarked on the first major trip of his administration, arriving in the United States just weeks after the failure of Bear Sterns. Though Australia had to that point remained relatively unaffected by the sub-prime crisis, the shock collapse of Australian investment group Opes Prime on 28 March had begun to raise questions about the underlying stability of the Australian financial system (Urban 2008).

Speaking before the US Chamber of Commerce in Washington, DC, the Prime Minister summarised the Australian position by describing the 'current global financial crisis' as one of 'powerful cross-currents'. He described Australians as 'acutely aware' of the financial crisis and spoke strongly of its 'gravity'. His reporting of the Australian economy in the speech was, however, rosy, and he spoke at length about its sustained growth and strong fundamentals. 'Cross-currents', it seems, was a convenient turn of phrase here to reconcile the US and European economic turmoil with the boom conditions still being experienced in Australia. He highlighted the role that China and the developing economies had played in this regard.

The Prime Minister pinpointed cheap credit and the subsequent re-pricing of risk as chief causes of the crisis. A long period of economic expansion in the financial sector had led to 'lending extended without sufficient attention to risk'. The sophistry of lending instruments had outpaced the market's ability to understand and appraise them and the innate uncertainty of the situation had amplified the crisis by discouraging investors and recovery. Rudd chose not to assign blame to any particular government or body, instead treating the developments as somewhat of a fait accompli stemming from cycles of economic behaviour and the increasing complexity of international finance. He was also quick to point out the strong and well-regulated nature of the Australian financial system, implying at least that no blame for the crisis could be traced to Australia.

That explanation neatly dovetailed with his conclusion that the solution was 'a global response by our national regulators to a global crisis'. Though he recognised only minor implications for the Australian economy, his enthusiasm for participating in a global economic response was unequivocal. Australia was and would be participating at every level in formulating an international regulatory response: 'we *must* be an active participant in a coherent global economic response' (emphasis added).

Though the speech itself did not grab the headlines in Australia, its theme did not escape media commentary amid broader attention given to the Prime Minister's search for a 'global role' (Flitton 2008; Shanahan and Marris 2008;

Walker 2008). *The Australian's* editorial commenting on the speech broadly agreed with Rudd's sentiments on the limited severity and unforeseeable cause of the crisis in Australia. It was, however, at best lukewarm about his policy response, admonishing governments not to be 'over-eager to find ways to get involved' in fiscal regulation (*The Australian* 2008a) and seeing the speech more cynically as part of a continuing strategy by the Prime Minister to eke out an increased global role for Australia (*The Australian* 2008b). The *AFR* went a step further; while supporting the free-trade aspects of the speech, it too was mildly critical of expanded prudential regulation (*AFR* 2008a; S. Turnbull 2008).

2 June 2008: the Treasurer's post-budget assessment of the global crisis

In June, three weeks after handing down his first budget, Wayne Swan presented a statement on Australia's financial stability to the House of Representatives. Although the US sub-prime crisis was yet to truly affect Australia, this speech represented one of the first tangible policy moves to address it. Swan's office simultaneously posted four media releases on policies summarised in this speech, regarding global 'outreach meetings', guarantees for depositors, continuing the four-pillars policy and the implementation of recommendations by an international body.

Swan highlighted the deterioration of the situation in the United Kingdom and the United States in the previous year. While acknowledging that 'to a much lesser extent, Australia also saw some of the impact', Swan played down the severity and externalised the causality. According to Swan, Australia had been impacted by the 'US sub-prime financial crisis despite our financial institutions not sharing its causes'. Swan's framing emphasised the role of 'declining confidence' and 'global uncertainty' in explaining 'so much of the downturn in the US economy overall'. Indeed, Swan stressed that although Australian banks were not threatened by any immediate risk, Australia was one of the last two Organisation for Economic Cooperation and Development (OECD) nations to have not yet guaranteed bank deposits and doing so now was a wise precaution. It was a simultaneous acknowledgment and mitigation of critical threat.

Claiming 'Australian Government agencies...performed their duties well in minimising the impact of this global crisis on the Australian economy', Swan's responsibility narrative focused on the reasons for Australia's relative success, rather than distributing blame for what had gone wrong. He credited Australia's 'sound financial institutions...supported by a strong prudential regulatory framework, and an adroit central bank'. At this point in the crisis, Swan believed governments' responsibility was not to intervene but to ensure these institutions 'have the tools they need to act swiftly and effectively'. The policies announced in June 2008 were not major departures from existing practices nor were they

radical interventions. Swan framed the crisis as an incident, a 'long and difficult financial episode' with knock-on effects in Australia, but an episode nonetheless.

Swan's speech was a type-2 frame of sorts. It acknowledged problems and sought to strengthen the existing structures. The frame also demonstrated elements of a type-1 'business as usual' response, as he claimed the worst of the crisis was bypassing Australia and there were indications of improvement. In the speech, the few adjustments (such as guaranteeing bank deposits) in light of the crisis abroad were portrayed as precautionary steps taken to reduce anxiety.

The speech elicited a lot of response to the major policy implications in Swan's speech: the deposit guarantee and the continuation of existing banking policy (namely, the four-pillars scheme). Nearly all of these responses were critical (Colebatch 2008a; Cornell 2008; Harper 2008; Jury 2008; Williams 2008b). All three papers, but in particular the *AFR*, were unconvinced that Australia's success in weathering the crisis to that point had much to do with prudential policy, and strongly questioned Swan's explanation of Australia's crisis endurance (Cornell 2008; Durie 2008; Williams 2008b). A few other reports of the speech were nonchalant, offering only very weak support for the Treasurer, his explanation of the circumstances and his subsequent policy pronouncements (Patten 2008; Tingle 2008a). It seems, then, that the media attached *even less* severity to the crisis than the Treasurer, presenting a firmly type-1 counter-frame and taking the speech instead as test of the 'free-market credentials of a new government' (Tingle 2008a). Only a couple of articles were willing to support the Treasurer and a more serious framing of the emerging crisis (Patten 2008; Wood 2008a).

13 June 2008: the bank governor stating his priorities

In June 2008, inflation was still the focus of Glenn Stevens' speech to the American Chamber of Commerce in Australia. He did, however, address the issue of the US crisis, claiming that 'the worst fears of a serious financial collapse have abated somewhat', but acknowledging that 'considerable uncertainty' remained for the coming year or so. Stevens reassured his audience that Australia had different concerns to those about the US economy. This explanation also acted as justification for why the RBA was keeping cash rates high while the US Federal Reserve had halved rates in the past six months. Stevens partially divorced the US crisis from issues present in the Australian economy. He acknowledged the severity of the crisis in the United States and the United Kingdom and its impact on Australia (including causing households to 'adopt a more cautious attitude to borrowing and spending'). He also, however, described the reasons why Australia was not likely to have the same experience as the United States, the United Kingdom or Europe—in part because this suggested 'a moderation in growth in domestic demand is occurring' and there was the 'need for a moderation'.

Overall, the speech allocated neither blame nor credit for Australia's financial state. He stated that 'the seriousness of the sub-prime credit crisis, and the associated weak outcomes being experienced in the US, and thought to be in prospect in the UK and some parts of Europe, are well understood by Australian households and businesses', but this was not the case for the resource boom, the reasons behind inflation and how these factors interacted. As such, while this speech addressed the global financial crisis, it was largely to alert people about why it was not Australia's greatest economic concern.

Stevens framed the crisis as a passing phase: the US economy is struggling with a 'period of weakness' and a 'period of adjustment'. This did not mean, however, that the global economic status quo was going to remain the same. He pointed to 'the change in the trade experience of Australia...[as] an indicator of the way the weight in the world economy is gradually shifting to the Asian region'. In his view, the pace of demand growth needed to slow and 'domestic consumption...is being asked to make some room, for some period of time, for the rise in other forms of investment'. He explained that he was 'seeking to head off further problems'. Stevens indicated the need for a change—one that he had already been acting towards incrementally by trying to affect the economy through careful manipulation of the cash rate. With inflation remaining the focus and cash rates rising, it was still largely business as usual for Stevens.

The explanation, expectation, policy and strategy outlined by Stevens were generally supported in the media. Reporting in all three papers (*The Age* 2008a; Rollins 2008a; Wood 2008b) on the speech was largely positive and went along with the general theme of inflation dominating government economic pronouncements (Khadem 2008; Murdoch 2008). With reference to the spectre of 'stagflation' (high inflation and low growth) hitting the Australian economy, a broad spectrum of commentators sided with the governor in the belief that it was the low-growth fears that were unfounded, with one commentator proclaiming there was 'little to fear' (Bassanese 2008a). As with Swan weeks before, the media preferred the type-1 frame, and the occasional commentator saw storm clouds on the horizon (Gittins 2008).

17 September 2008: the bank governor insists on the big picture

By mid-September, cracks were starting to appear in the Australian economy's armour. In his first address after the Lehman Brothers collapse, Stevens chose to speak about the long-term perspective and positive outlook for Australia. In an immediate agenda contestation during a question and answer session after the speech, Stevens' attempt to set the agenda was derailed by questions about recent economic developments, the crisis abroad and whether Australians were receiving an overly optimistic narrative of the situation.

In this speech, Stevens minimised the impact of the crisis on Australia, which had 'been affected by these forces, but much less than the countries at the epicentre. Our financial system is weathering the storm well.' The crisis was articulated as a catalyst for shifts. For example, Stevens portrayed the complex factors surrounding the emergence of China as 'an opportunity and a challenge for Australian business and policymakers, and not just in the resource sector'. One of these factors was that 'we have had to absorb a massive income boost...of course, there are worse problems to have!'. These underlying forces were all argued in a positive (or neutral) light.

Because there was not much of a 'crisis' (according to Stevens), there was little reason to apportion blame or suggest policies to deal with it. Stevens attempted to calm Australians, urging them to 'step back...to focus on the bigger picture'. He sought to convince the audience that it was not an Australian crisis, 'even in the volatile conditions in which we all find ourselves at present'. He acknowledged the short-term fear, but even in the days after the Lehman Brothers collapse, he urged people not to make too much of the crisis as it was the collapse of US confidence, not Lehman as such, that was the problem.

The somewhat out-of-step and cautiously optimistic frame from the Reserve Bank Governor triggered a divided media response. Far from the unanimous chorus of optimism in earlier months, by September, media confidence in Australia's ability to avoid the worst of the financial crisis had plummeted (Oatley 2008; Stammer 2008; Williams and Martin 2008). Stevens' presentation of the crisis as requiring some degree of reform and increased transparency was uncontroversial (Mitchell 2008a; Stutchbury 2008a). Interpreting the severity and implications of the latest turn in the financial crisis for Australia was, however, up for grabs, notwithstanding Stevens' posture. Stevens' comment in the question and answer session that the Australian banking system was 'light years away' from the crumbling US system set off a wave of commentary that was characterised by uncertainty about the future of the crisis (Bassanese 2008b; Hewett 2008; Stammer 2008). As an act of meaning making and in stark contrast with the speech made a few months earlier, Stevens' attempt to continue with a type-1 crisis framing now rang hollow with many commentators, the majority of whom now seemed to be moving to a type-2 conception (Winestock 2008a).

10 October 2008: the Treasurer goes to Washington

On the day that Swan spoke at the Brookings Institution, the OECD released a report praising Australia as one of the economies to have 'so far' avoided major turmoil. On the same day, however, the All Ordinaries fell 8.2 per cent—the worst drop in 21 years. Still, this speech was used to explain the success of Australia, rather than explaining the crisis. Swan brushed over the potential severity of the crisis in Australia, simply saying 'our share markets have fallen'—despite the speech occurring after several days of bad news on the

Australian share market. He repeated his oft-voiced mantra that Australia was 'better placed than almost any other developed economy to withstand the fallout'.

His chief concern was with the health of the global system. Swan offered advice and lessons from an apparent success story, quoting the OECD report, which stated that 'thanks to prudent management' (as well as 'high profitability and strong capitalisation'), the Australian economy 'has stood up well to the ongoing global financial market turbulence. So far, the financial sector has withstood the crisis.'

This speech also demonstrated the shift that had occurred from his previous resistance to government intervention to a more activist stance. Swan claimed that the OECD 'endorses the new Rudd Government's ambitious reform agenda aimed at lifting our country's productive capacity and addressing climate change'. Swan's speech highlighted his aspirations for a shift towards a more global financial architecture and away from dominant ideologies and protectionism. He strongly advocated the utilisation of existing global forums and institutions to assist during this crisis and to prevent future ones. Swan made use of historical analogies to bolster his argument. He invoked the 'hard work' and 'plenty of sacrifice' in the post-World War II decades, which led to a 'level of prosperity [our] parents could scarcely imagine during the depths of the Great Depression'. He praised the Bretton Woods agreement as a 'great moral as well as economic achievement'.

Likewise, the current global problems required a 'long term solution not just a quick fix'. Type-3 rhetoric appeared when Swan attacked 'blind faith in markets' and put Australia forward as a lesson in 'successful regulation' and leadership, wondering how 'any responsible leader [could] observe all around us the wreckage of this latest bout of financial adventurism without being stirred to act'.

With this speech coming at a time when the crisis had reached fever pitch in Australia, media commentary was generally supportive of Swan's framing of the crisis as something created by the structure of the international financial system and the pressing need for reform (*The Age* 2008b; *AFR* 2008b; Guy 2008). With the media now rapidly escalating its estimation of crisis severity (O'Sullivan and Saulwick 2008; Uren and Stutchbury 2008), there was, however, continuing scepticism about the government's line and the solutions offered (Grattan 2008a; Grenville 2008), with one commentator noting that the government was doing little but 'jawboning to keep up confidence' (Grattan 2008a). As with its response to Stevens in the month beforehand, the media struggled to reconcile the apparent gap between economic events and the line coming from the government. Mirroring this concern, in the same week as this speech, the first polls were conducted on questions concerning the economic crisis. In the period 7 October to 12 October, 52 per cent of respondents were confident in Australia's ability

to withstand the global financial crisis, with 42 per cent not confident. Approval of the government's response to the global financial crisis sat at 52 per cent, with 28 per cent disapproving (Essential Research 2008a).

14 October 2008: the Prime Minister addressing the nation

The four days between Swan's address in Washington, DC, and Rudd's address to the nation were a critical sense-making and decision-making period for the government. On 12 October, the government announced a guarantee for all deposits in Australian banks in an attempt to prevent capital flight. With talk of the economic crisis reaching fever pitch in the media and in the public sphere, however, Rudd took the initiative to realign the framing of the crisis around the government's response.

There are few acts of meaning making designed to be as dramatic as or more poignant than an address to the nation. The first theme of the address was one of severity. Stating that Australians had become 'concerned, anxious or even fearful as to the future', the Prime Minister spared nothing by describing the situation as 'the worst financial crisis in our lifetime' and compared it with 'a national security crisis'—a far cry from the contained and limited crisis talked of previously. As media reports pointed out, as little as a week beforehand the government had been conspicuous in its proclivity to avoid talking in emergency terms (Dodson 2008). With this speech there could now be no doubt about the high-stakes nature of the crisis.

If, however, Rudd was strong in emphasising that the 'tough times have now arrived', he was perhaps even stronger in treating the crisis as something that was affecting Australia through no fault of its own. The crisis was allegedly caused by news of the crisis impacting on other places. It was the fear of crisis more than any internal problem that was to blame. Indeed, the one statement that obliquely accounted for the onset of the crisis was: 'Nonetheless, as Prime Minister, I was not prepared to stand idly by while people's fears here were being fed by the stream of bad economic news from abroad.' Rudd's second major theme, then, in accordance with Swan and Stevens, was one of defensive reassurance—emphatically denying that any cause or blame for the crisis was on Australian shoulders and outlining the 'absolute confidence' Australians should have in their system.

The nature of the first and second theme strongly suggests the third—that the management of the impact of the crisis should be ameliorative rather than reformative. The address was used to announce the \$10.4 billion 'Economic Security Strategy'—a package designed to inject funds into the economy to keep growth positive and jobs available. It fed into reassurance too, with a strong emphasis on decision making—including comments such as 'decisive action', to 'take whatever action is necessary' and 'responsible governments step in'.

The combination of these two themes served to highlight and strongly emphasise the severity of the crisis and to unambiguously absolve the government of responsibility and base its policy response on that mantra.

The address was met with nearly unanimous media support on all aspects—a unanimity that was itself commented on (Martin 2008a; Ricketson 2008). *The Age* came out strongly in support of the government's framing of the crisis (*The Age* 2008c; Grattan 2008b; Martin 2008a). The *AFR* was more subdued in its support for the Prime Minister, noting 'Rudd's repackaging of himself as a proactive Prime Minister always on the alert for a pre-emptive strike' (Tingle 2008b). Support for the government's stance on the severity, nature and management of the crisis was, however, strong—although not without some questions about potential deficit (*AFR* 2008c; Dodson 2008). Similarly, *The Australian* recognised the critical turning point in the treatment of the crisis rhetorically in Australia and was quick to welcome it and the government's response (Kelly 2008; Megalogenis 2008; Stutchbury 2008b). Just one commentary remained wary of Rudd's rhetorical framing, believing it to be a convenient way to exploit the crisis in order to implement programs in unrelated social areas (Shanahan 2008a).

Several major polls saw significant rises in the Prime Minister's approval rating in the aftermath of the speech (Newspoll 2009; Nielsen 2008). Most saliently though, approval of the government's handling of the global financial crisis rose 20 points from the previous week to 72 per cent, with disapproval dropping to just 12 per cent (Essential Research 2008b). Similarly, confidence in Australia's ability to withstand the financial crisis rose by 11 per cent from the previous week to 63 per cent (Essential Research 2008b). Evidently, the new type-2 severity frame presented by the government was one the public and media found far more amenable, despite the negative economic implications.

19 November 2008: the bank governor's plea for perspective

Even during Australia's worst period of the crisis to date, Stevens held firm to his frame: largely type-1, business-as-usual rhetoric. While noting the 'breathhtaking turn of events' in mid-September, he used more measured language than Rudd and Swan. He placed it into the category of a 'cyclical event' that happened at a time when growth was slowing anyway and the most unpleasant frame he provided was that Australia was 'battling economic weakness'. The crisis was not caused by 'a sequence of financial events' but because these events 'led people to think it will turn out to be a bigger event than hitherto expected'. Continuing with this theme, he cautioned that 'the biggest mistake we could make would be to talk ourselves into unnecessary economic weakness'.

In the vein of a type-1, business-as-usual frame, Stevens did not feel that the situation in mid-November warranted significant policy moves because 'in facing the financial problems themselves, the most important steps have already been taken by countries at the epicentre of the crisis'. In a type-2-style frame, however, he asserted that 'these measures cannot avert a significant slowing in the global economy' (that is, there is still a threat, albeit not critical). In defence of existing structures, these policies averted 'potential systemic collapses that would have had massive repercussions throughout the world'. Towards the end of the speech, Stevens injected some type-3 rhetoric, noting that 'every episode of crisis provides some new lessons' that can be 'incorporated into regulatory and supervisory practice'. Although using the turn of phrase 'prudent borrowing', Stevens came out in support of the government running a deficit to 'continue worthwhile public investment'.

The speech concluded with the overarching type-2 frame that: acknowledged the severity of the crisis (the 'situation is serious'; 'we face difficult circumstances'); cited exogenous causes; and argued that the status quo was worth preserving ('we need not, and should not, abandon the well-established and tested policy frameworks that are in place').

The speech received ample commentary, with most headlines capturing the imputed prospect of either a recession (Colebatch 2008b; Martin 2008b) or a deficit (Rollins 2008b; Winestock 2008b). The media reacted strongly to Stevens' continuation of a largely type-1 crisis framing. Many commentators were critical, believing Stevens' framing to be unrealistic (Uren 2008b), and a strongly downcast view of the economic situation persisted (AFR 2008d; Korpelaar 2008).

In presenting a domestic deficit as a management response to the situation, however, Stevens received wide support, with many commentators placing blame on the government for dodging the concept for so long (Colebatch 2008b; Grattan 2008c; Mitchell 2008b). The AFR was particularly supportive, seeing Stevens' comments on the matter as 'a healthy dose of realism' (AFR 2008d), with the media often contrasting it with the obfuscated government position on Australia's budgetary future (Colebatch 2008b). In Australia, it was the technocrat, not the politicians who gave the first mention of a deficit and started the debate before the government itself would volte-face on the subject a week later.

26 November 2008: the Prime Minister's 'temporary deficit'

Until mid-November, the Rudd Government had done everything it could to avoid the prospect of a budgetary deficit becoming a reality (*The Australian* 2008c; Uren 2008a). So, when Rudd was 'absolutely upfront' in Parliament on 26 November and made a single mention that the government would 'if

necessary...use a temporary deficit', it awoke a political dragon that continued to dominate crisis discourse well into the next year.

It came as no surprise, then, that the Prime Minister's address to the House of Representatives outlining the potential for a deficit did so only after dedicating two-thirds of the speech to a sobering rundown of the economic context. The crisis 'has grown from a trickle to a flood'. It had affected 'every nation. Every government. Every economy.' A far cry from the rhetoric of Australian resilience to the crisis, Rudd here dismissed that period as 'the first part of the storm'. At this point, a 'quantum shift' had occurred and the decisions that would need to be made had much higher stakes because, although it was alluded to only implicitly, Australia was staring down the barrel of a recession.

The explanation for this change was one made in constant reference to other nations: everything Australia had experienced was what the rest of the world had experienced. In particular, Rudd cited the slowdown in China and the plunge in commodity prices as major factors impacting on Australia's downturn. These shifts had in turn 'had a profound effect on [the] budget position', with a \$40 billion downgrading of anticipated tax income for the government.

Rudd stated that 'under [these] circumstances, it would be responsible to draw further from the surplus and, if necessary, to use a temporary deficit to begin investing in our future infrastructure needs'. Rudd justified this move at length. Undoubtedly cognisant of the fallout such an announcement would have, however, the Prime Minister also listed numerous measures the government had taken. He framed the administration in an active light, stressing in particular that 'the budget built a strong surplus' and its fiscal policy epitomised responsible governance.

A potential budget deficit was thus slotted rhetorically within the crisis frame. Rudd's account was that of a major crisis managed by a responsible government that was willing to take whatever ameliorative steps were necessary—and that this was a policy path that was not just the 'nation's mission', but 'the mission of the international community'. In a shift of rhetorical emphasis from previous speech acts analysed here, Rudd made it clear that there was no alternative to the path the government was setting out on. The alternative to deficit spending and Labor's fiscal policy was to 'sacrifice growth and jobs'. To *not* go into deficit would be 'irresponsible'. Specific stigmatisation of the alternative to government policy as job losses and economic depression was a powerful platform from which the government could define and subdue opposition. Doing so was important because, while most had accepted events so far as externally imposed on the Australian economy, a decision by the government to go into deficit was a risk and entirely within the government's choosing, thus creating a need to shift the frame of crisis meaning to better suit this new and riskier period of government policy.

The media responded rapidly and vociferously to the mention of a potential deficit. Many commentators felt that the speech merely shifted rhetoric to comport with what had already become understood economic reality and that the severity of the situation and inevitability of a deficit were unquestionable (Grattan 2008d; Ruehl 2008; Tingle 2008c). If anything, according to some, the speech was slightly disingenuous by playing up the crisis so much yet simultaneously burying and qualifying the use of the word 'deficit' (Grattan 2008d; Wood 2008c).

The media was quick to note the speech's political effectiveness as an act of framing and rhetoric and the difficulty it created for the opposition (Carney 2008). The media was, however, routinely divided on the degree to which it substantively agreed with the approach espoused. Several articles in the *AFR* and *The Australian* were sharply critical of the belatedness, lack of detail and sense of panic in the speech, which had the potential to undermine circumstances and provided a poor response to the crisis (*AFR* 2008e; Davidson 2008; Shanahan 2008b; Stutchbury 2008d). Others in the same papers arrived at different conclusions, supporting the Prime Minister's position and his willingness to use the deficit to relieve the effects of the crisis (*The Australian* 2008d; Steketee 2008; Wood 2008c). The media was, however, virtually unanimous on one point: that the speech heralded the entry of the government into new and far more politically tricky territory than it had previously been in (Stutchbury 2008e; Tingle 2008c).

23 January 2009: the Treasurer's visit to 'ground zero'

Speaking to investors in New York at a time when Australians had started to feel the economic pinch yet continued to strongly support the government, Swan needed to present an image that would appear positive to potential investors and would boost confidence back home in Australia, but would also not jar significantly with the reality of Australians feeling the effects of the downturn. He derided the 'false prophets' who had told the world 'that the only economic role for the state in a free market economy is to remove itself'. Furthermore, Swan insisted that the crisis was not caused by globalisation but by 'spectacular regulatory failure'. He claimed that Australia's 'realistic understanding of the role of government in the contemporary market economy' was key to its success in responding to the crisis, and he emphasised and detailed the policy implemented and action taken 'swiftly and decisively' by the Rudd Government in the onset of the global crisis.

By now, Swan was adamant that the crisis was not just an incident. Instead, 'the global financial crisis occurred at a time when our economies were already under pressure to change in profound ways'. Drawing an analogy with Hurricane Katrina, he claimed that the crisis 'shockwave' exposed underlying weaknesses in the system. Swan called for the global economy to be rebuilt into an 'economy that nations, their citizens, and their environment really need'—something that

his government was already working towards. Speaking in type-3 mode, Swan therefore represented the crisis as 'an opportunity for reform that must be grasped...we must make the best of a bad situation'. Swan shared with the New York audience his 'picture of what we believe the post-crisis Australian economy will look like', with the focus shifting from strengthening existing financial systems or even addressing global economic structures to society-wide alterations and improvements in the wake of the crisis.

Response by the media to this speech was comparatively limited. This might be considered surprising given that, in hindsight, the speech flagged many of the elements that would eventually come together as the new ideological/interventionist philosophy that Rudd would expand on at length in *The Monthly* within a week. *The Australian* picked up on this in a couple of commentaries, linking the speech with the coming of a debate about the future role of government in the domestic economy (Franklin 2009a, 2009b; Milne 2009); however, in general, the speech went unnoticed. A global poll conducted a week before Swan's speech found that at this point Australians largely held similar views to those articulated by the Treasurer. According to the poll, 'more than three in four Australians (76 per cent) agree that the current economic crisis points to the need for major changes in the international economic system, while slightly less than half (48 per cent) agree that major changes are also needed for their own economy' (BBC World Service 2009). In any event, the speech would prove in retrospect to be a primer for the third major framing change undertaken by the government in February 2009.

February 2009: Rudd's essay

By early February, it was clear that Australia was not going to escape significant impact from the global financial crisis. The stock market had lost more than one-third of its value, unemployment was rising and the economy had temporarily dipped into recession. In the February edition of *The Monthly*, the Prime Minister published a lengthy essay redefining the terms of the crisis on an explicitly ideological basis. No longer simply blaming the work of greedy capitalists and irresponsible risk-takers, Rudd wrote that the global financial crisis was at that point the most salient symptom of a fundamentally flawed system—one underpinned by a discredited ideology and doomed to failure by virtue of its own design.

Rudd pointed out that the crisis was now so severe it would 'mark a turning point between one epoch and the next'. In his sentiments, the crisis was 'the greatest dislocation of our lifetime'. The underlying problem for Rudd now was no longer one of inadequate global regulation or poor practice; it was one of inadequate ideas. The crisis 'called into question the prevailing neo-liberal economic orthodoxy of the past 30 years'. The long leash given to the financial sector and lack of oversight led to systemic problems and irresponsible patterns.

This was not incidental though; Rudd posited that the crisis was 'generated by the system itself', implying the inevitability of the failure of the ideological regime.

Rudd now focused blame squarely on the proponents of neo-liberal ideology: the US Federal Reserve, investment banks, extreme capitalism and subscribing political parties. Rudd placed his opposition, the Liberal Party—'home of neo-liberalism in Australia'—within that broad grouping of blameworthy neo-liberal adherents. The ideology that the Liberal Party upheld had 'not served Australia well in preparing for the current crisis'.

The ideological antidote to the crisis was social democracy: 'the international challenge for social democrats is to save capitalism from itself.' While Rudd moderated his comments by seeing the need to 'recognise the great strengths of open, competitive markets', by and large, it was the social-democratic ideology that had to be employed in order to make things right again. Australia's specific role was somewhat consistent with earlier remarks: to 'provide international support for [US President, Barack Obama's] leadership' as part of a US-led reconstitution.

The allocation of blame to the neo-liberals was framed conveniently to avoid any blame falling on the so-called social democrats or the Labor Party in Australia. One government Rudd specified as upholding the values that had to be implemented in order to rebuild the economy was the 1983–96 series of Labor governments led by his predecessors, Bob Hawke and Paul Keating. 'They were able dramatically to improve the productivity of the Australian private economy, while simultaneously expanding the role of the state in the provision of equity-enhancing public services.' Many, however, would traditionally associate the Hawke–Keating governments with the global neo-liberal economic trend of the period and they arguably laid down most of the neo-liberal economic system that Australia had going into the crisis (Edwards 2009). In Rudd's meaning making, however, the political now took centre stage.

Given the nature of the essay, the significant response in the media tended to roll down more politically dispositional grooves. The moderately conservative *The Australian* was particularly critical, variously describing Rudd's essay as an 'ill-informed ideological crusade' (Costa 2009), a 'cheap attack' and 'arrogant promise' (Albrechtsen 2009a) and an ideological 'blame game' (Sheridan 2009). At the same time, *The Age* was more positive in its response (Colebatch 2009a; Gans 2009), with the *AFR* assuming a mixed but often critical stance (Crowe 2009a; Simes 2009).

Regardless of disagreement about the substantive line of the essay, most commentators were sceptical about the kind of rhetoric on display. Several articles (Albrechtsen 2009a; Hewett 2009; Tingle 2009a; Wright 2009) saw it as a nakedly political act designed to open up a previously muted argument about

the ideological repercussions of the crisis. It was allegedly designed to first, bolster and justify a comprehensive and high-spending stimulus package and budget (which included numerous components that had little relevance to the recession); and second, to wed the political opposition to a supposedly failed ideology and discredited policies. Other articles expressed distaste for the 'blatantly political' timing and character of the essay (Edwards 2009; Sheridan 2009) and its numerous internal contradictions and misrepresentations (Burchell 2009; Hirst 2009). The essay was seen by some as symptomatic of a shift in rhetoric and strategy by both parties to 'score points' and assign blame for the crisis (Grattan 2009; Tingle 2009b).

There was, however, every indication that the shift was well received by the public. In polling conducted throughout February, support ranged as high as 84 per cent for certain 'social-democracy' measures such as education and infrastructure investment (Essential Research 2009a). Fifty-one per cent agreed specifically with the stimulus package as framed by Rudd, with only 33 per cent disagreeing (Essential Research 2009a). Irrespective of traditional resistance, the public did not reject the shift to a type-3 framing.

20 February 2009: the bank governor addresses the House

In late February, the bank governor had to face the House of Representatives Standing Economic Committee to account for the actions of the RBA in response to the crisis and the effects of these policies on the economy. Since his most recent statement to the committee in September 2008 (not analysed here), the crisis in Australia had escalated and the RBA had cut the cash rate by 3.75 per cent.

Stevens held firm to the various elements of the three frames seen in previous speeches. He acknowledged that the end of 2008 had witnessed 'the most intense financial turmoil seen in decades', but he minimised the severity by saying that the 'worst of the turmoil was actually fairly short lived'. He expanded on his optimistic prediction that Australia would likely 'have done well in comparison with most other countries'. He claimed that the policy action had been effective and insisted that the causes had been the public reaction to the shocks of 2008, not the shocks themselves. He remained adamant that the crisis was not as severe as many believed and even though the magnitude of the slowdown had come as a surprise, the slowdown itself was not unexpected.

He went on to exogenise the cause of the crisis by claiming that the 'deterioration in international conditions was so rapid that no policy response could prevent a period of near-term weakness in the Australian economy or, for that matter, other economies'. Furthermore, he asserted that the crisis was not as severe as it could have been and he vindicated the Rudd Government's response, stating that 'the extraordinary actions of governments and central banks in that

period...helped to stabilise what could have been a catastrophic loss of confidence in the global financial system'. His message was one of near-term realism and long-term optimism.

Reporting on the Stevens speech, the media picked up on two themes: the RBA's apparent optimism in the face of continued negative news (Martin 2009a; Thornton 2009) and the governor's support for the government's policies in the crisis (Rumble 2009). The *AFR* captured in its editorial the continuing conflict between optimism and pessimism in the assessment of severity in that period (*AFR* 2009), though it was generally deferential to the governor's assessment and in broad agreement with the general direction outlined for RBA policy (Mitchell 2009; Rumble 2009).

Some commentaries, however, openly questioned Stevens' optimism, with one article commenting that it was 'his job to put a positive spin on things' and thus 'naturally the [governor] had no criticism of the Government's stimulus package or market interventions' (Colebatch 2009b). They pointed out that previous assessments of economic conditions had proved wrong through unforeseen events, and thus there was no reason to suspect that it could not happen again (Thornton 2009). In a similar vein to previous responses to Stevens' comments, therefore, the media was inclined to question his framing of the severity of the crisis, while being generally supportive of him personally and the management strategy espoused.

23 March 2009: the Treasurer's promise for the future

This speech reflected a treasurer resigned to the troubles of the economy but with a determination that the future would be bright, and a goal of rallying the nation. Speaking to the Sydney business community, Swan, in an address titled 'A future of promise', characterised the crisis as 'the worst the world can throw at us', insisting that 'no country in the world can hope to escape unscathed, including us'. This acted to reinforce his assurance that Australia was 'still faring better than almost all other developed nations'. He attempted to evoke patriotism and inspire a fighting spirit, telling the audience that to succeed 'we mustn't freeze in the face of immediate challenges, or use them as an excuse to retrench and retreat'. This theme was also present as he described the policy approach of the government—'to act early; minimise the depth of the problem; be in a position to recover faster. In short, stay on the offence.'

Swan tried to claim that the 'national mood' was one in which 'the short-term is full of challenges, the long-term is full of promise'. Swan's focus on the future was apt given the split in public attitudes about the hope for the short term. A poll conducted in the week before Swan's speech found that 43 per cent of respondents felt that the government's actions did not matter because 'the Australian economy cannot be protected from the effects of the global financial

crisis'. However, 44 per cent still had faith in the government's influence, believing 'if the Government takes the right actions it can protect Australia's economy from the effects of the global financial crisis' (Essential Research 2009c).

While not attributing blame for the crisis, Swan deflected criticism that the Rudd Government was not meeting its election promises. Swan said that he would 'have preferred to have spent my time ticking off items on our "to do" list' and, after sitting 'in opposition during the boom years', he had to now 'chart a way through such an extraordinary international economic collapse', which he claimed the government was succeeding at. He asserted that the government's first stimulus package had kept Australia out of a recession and, having announced the \$42 billion stimulus package a month earlier, this was a sort of vindication—or at least encouraging.

Swan did not stop there, however, criticising 'lazy and predictable arguments about deficits and government debt'. He claimed that the weakness of these arguments 'lies in their assumption that global economic conditions have not changed, when clearly they have, in the most damaging fashion'. Swan excoriated those who 'fall back on ideology', 'think we should let events run their course' and 'opportunistically deny our economy is being buffeted by global forces'. He even suggested they might be 'willing Australia to fail'. Swan claimed that he was not replacing one ideology with another but replacing an ideological approach with a 'pragmatic' approach. This speech, strongly projecting a type-3 frame, was an attempt to rally the public in unity against the exogenous crisis, discredit the opposition for working against the government's policies (and apparently Australia as a whole) and present an optimistic (and opportunistic) perspective on the crisis.

Coming on the heels of the announcement by Rudd that recession was now virtually unavoidable (Kerin and Walker 2009) and amid a series of other high-profile economic developments such as the 'Ruddbank' and state debt crises, the media did not find much in the speech to comment on—though it was reprinted in full in *The Australian* (*The Australian* 2009a). Much of the media was more concerned with announcements of budgetary implications after the Treasurer in his speech flagged that change would need occur (Kerr 2009; Steketee 2009). *The Australian* ran an article calling for 'rhetorical discipline', which was critical of the government's recent attempts to frame the crisis through newly politicised terms (*The Australian* 2009b). The majority of articles were interested far less in descriptions of the severity or explanation of the crisis, hanging out instead for specific policy prescriptions (for example, Crowe 2009b). It is interesting to note that this speech, which invokes the same type-3 framing that Rudd broached in the month before, seemingly raises far less controversy. Whether this was due to a tacit acceptance of this new frame or just a general lack of media interest is an interesting point to speculate on.

4. Framing the financial crisis in Australia: analysis and discussion

These speeches suggest that crisis framing during the period studied moved from a type-1 (severity minimised, incidental) to a type-2 (severity acknowledged, incidental) and finally to a type-3 (severity maximised, systemic problem) diagnosis. There were also a number of consistent themes that persisted in the framing of the crisis in Australia, which will be discussed further below.

In the speech acts from March to June 2008, the crisis was seen as something remote and with limited consequences for Australia. With confidence bolstered by high commodity prices and a strong Asian economy, the spectre of inflation and economic overheating was seen as the real economic management priority for the government. Explanation and blame for the crisis were diffused and sectoral, allocated to a runaway banking sector and poor decisions made by greedy financiers. In sum, the global financial crisis was still viewed very much as a sub-prime crisis, warranting only minor responses. This frame was consistent with what many other cases studied here maintained in the lead-up to the crisis manifesting as a global recession, where governments tended to play down the crisis to maintain confidence and contain political and policy consequences.

The undeniable seriousness of the crisis hit home fast in September 2008. As evidenced by the confused responses to Stevens' speech in that month, it was no longer tenable to deny the severity of the crisis. It stands to reason that this period was one in which the government itself was trying to make sense of the crisis. Within just four days of a relatively upbeat speech by Swan on 10 October, the Prime Minister appeared before the nation to dramatically revise the government's severity stance, lifting the political stakes along with it. By mid-November, both political actors had redefined the crisis squarely into a type-2 frame (severity acknowledged/incidental causes). This framing became politically necessary to justify the thorny issues of deficit and recession, both of which seemed inevitable by the end of 2008. Action was, however, framed as ameliorative; the government chose not to define the crisis as one of systemic problems, instead maintaining a line that Australia could not be 'immune' from international economic conditions in spite of having nothing to do with the genesis of the crisis.

This frame shifted slowly, however, to what began to look like a type-3 (severity maximised, symptomatic causes) categorisation by January 2009. The government began to point to something systemically wrong that led to the crisis: neo-liberalism. Rudd's essay in *The Monthly* marked a new and concerted effort to outline 'neo-liberal' ideology as the framework that allowed the crisis to occur and, as such, presented a justification for a new ideological policy platform from which the government must operate: social democracy. Though still finding little at fault with the financial framework in Australia per se, Rudd nevertheless

found a common (if poorly defined) ideological enemy behind the crisis, suggesting its domestic adherents had to absorb some of the blame.

Finding a culprit: the political game

Having taken office in late 2007 after 11 years of their opponents' rule, the Rudd Administration could easily sidestep blame. If anything, the circumstances allowed the government to occupy the position of the 'critics' rather than 'incumbents' in the Boin et al. (2009) typology. Yet during the first two framing phases at least, arguably there were no clear 'incumbents' or 'critics'. Blame was made relevant only towards the end of the period studied. The overwhelming consensus in politics and in the media had long been that Australia was the innocent victim of world chaos, and indeed the strength of the banking system and financial regulations in Australia were the bulwarks that had warded off toxic assets. Even as the severity of the crisis increased, blame was absolved and responsibility was denied with little contention. It was only in January–February 2009 that the government rhetorically began to focus the blame—in this case, on its ideological opponents and its predecessors, by tying them in with the now 'guilty' intellectual edifice of neo-liberalism.

This was not just a Rudd effort. Swan's speech in January in particular indicated that oppositional forces were 'willing Australia to fail' (Swan 2009b) rather than abandoning their ideological platform. As a result, the political game moved to box III (Table 2.1 in Chapter 2): a blame showdown where, paradoxically, it was the government playing the critic and focusing blame and the opposition refusing to accept it. Indeed, Rudd's essay in February was enough to incite former Prime Minister John Howard to make his first post-government written commentary, denying responsibility, and he was joined in strenuous opposition by other prominent Liberal Party figures and conservative media. As a strategy of political exploitation, however, the government's action can be seen as effective, as the Liberal opposition struggled to distance itself from the label and to present a viable or acceptable counter-frame for the events.

Policy exploitation: Labor's new deal

Fitting the three framing periods, policy exploitation in the first two was designed mostly to be ameliorative. Incremental reforms—such as bank deposit insurance, a moderate stimulus package paid from the surplus and some minor fiscal policy adjustments—were the *modus operandi* under which the government proceeded (with little opposition) until major reframing in January.

The assignation of blame and identification of a systemic problem in early 2009, however, allowed (at least rhetorically) a much broader scope of policies to be justified as necessary to deal with the crisis. The government proceeded from here to generate a shopping list of tangentially related reforms such as a carbon-efficient economy, an education revolution, taxation reform and greater

global cooperation (Swan 2009a). The new 'economic reform agenda', replete with a \$42 billion stimulus entitled the 'Nation Building and Jobs Plan', was launched from this platform of rhetoric as essential to avoiding recession and warding off future crises. How politically opportunistic this was is a matter of conjecture; much of what has been implemented in the wake of the crisis is merely pre-existing election promises repackaged as recession busters. Other policies, however, have arguably gone through more smoothly than otherwise due to a convenient rhetorical frame. One example might have been the rolling back of the private health insurance rebate (in spite of an election promise to keep it), which was publicly framed as a crisis-borne necessity in the May 2009 budget. Swan and Rudd themselves obliquely referred to the policy opportunities offered by the crisis in their speeches (Swan 2009a) and there is plenty of evidence to suggest they have utilised them with considerable success.

With the media and public focused squarely on the financial crisis by October–November 2008, there was, however, perhaps no choice for a government whose election credibility relied at least in part on delivering on significant social promises. Crisis or no crisis, Labor faced a political bottom line and an election in less than two years.

Even before the height of the severity of the crisis in September–October, there was some degree of crisis exploitation for the purposes of policy. In the first of Rudd's speeches studied, and supported by Swan's speech in June 2008, the government used the foreign crisis to springboard itself into the international policy arena. By this stage, the sub-prime crisis had been extant for months. As such, at a time when Australia was seen to be soundly based and escaping the fate of many other Western nations, Swan and Rudd were eager to frame the crisis as an opportunity for Australia to participate actively in a global regulatory response. This was congruent with an existing internationalist agenda: bidding for a seat on the UN Security Council, setting nuclear disarmament talks and discussion of an Asian Union. The global financial crisis provided another opportunity for the Rudd Government to engage this policy platform. Evidently though, this international agenda was dropped as domestic conditions deteriorated.

The policy-exploitation game highlights the dangers for those tagged as the 'status quo' players. In Australia, while the government effectively framed itself as the proactive agent of change and reform, the rhetoric of the government meant that the opposition found it difficult to play the role of either incumbent or policy defender. By and large, it *competed* with the administration as an alternative agent of change. In this context, it was comparatively easier for the then new government to simply define its long-serving predecessors in the opposition as agents of the status quo. Throughout the first quarter of 2009, Rudd and Swan labelled resistance to government policy responses as merely

adherence to defunct ideology—ideology accused of causing the crisis in the first place. This left the Liberal Party with hard choices. On the one hand, they risked the ‘me-too’ tag and a lack of definition if they sought to associate themselves with change and support government policy. On the other, if they sought to defend the status quo they risked irrelevance and association with the elements that were being blamed for the crisis. It was perhaps no wonder that by the end of March 2009, the Prime Minister had reached record approval ratings and there had been little change in the support for the opposition or its leadership. Key, then, to the unfolding of the framing contest was how the government seized the initiative; with the government defining the position of its opponents as status quo players, the opposition was cornered into playing the game from a side it would not necessarily have intended.

Exploitation objectives: politics and technocracy

As has been the case in other countries studied in this volume, the Reserve Bank Governor began with descriptions of the crisis quite similar to those of Rudd and Swan, but parted ways with his political counterparts as the crisis progressed. The technocrat has little to gain from engaging in political framing contests. The role of the RBA Governor was one where he was strategically interested in maintaining confidence and economic stability, and thus his interests congealed around presenting as supportive a picture as possible.

By the same measure, Stevens was afforded more room to manoeuvre in his framing. While he scaled up his assessment of the severity of the crisis alongside the government (though not to the same degree), it was his speech in November that first breached the topic of deficit spending to support growth. This came amid a fortnight in which the government almost farcically avoided mentioning the dreaded ‘d’ word—a fact commented on extensively in the press (Colebatch 2008b). Within a week of Stevens’ speech, however, the Prime Minister had turned on a dime to signpost the government’s intention to (if necessary) go into budgetary deficit to support fiscal policy.

By January, the political rhetoric was advocating a raft of policy changes, while Stevens remained stuck firmly to his definition of the crisis in Australia as a severe incident but part of the business cycle. Nonetheless, Stevens often spoke in tacit support of the government’s approach to the crisis. To maintain credibility, the governor had to walk a fine line between expressing support for the government and becoming an unofficial cheerleader—a line, according to some reports from the period, that the governor was unable to keep to (Colebatch 2009b). While there was a clear differentiation between the framing undertaken by the government and the bank, innately there was a connection too. Their roles were separate, yet they relied on each other for certain rhetorical cues and leaned on each other for certain justifications. The relationship was a complex one, but it played an important role in the framing game.

Counter-frames: the media and the public

In an overall sense, the media and the public were solidly consistent in their support for the government during the crisis and there were plenty of indications that the government's framing of the crisis was largely successful. Though the media maintained certain editorial and political positions, the degree to which newspapers supported or critiqued the government appeared to be more case-by-case. In the first two framing phases identified (type-1 and type-2), this was understandable as government activity attracted little controversy. In the final stage, the blame allocation and ideological agenda pushing elicited a stronger response from the traditional right-leaning news media. Nonetheless, as public support for Kevin Rudd coasted at high levels for most of the period, it was probably unsurprising that the newspapers encapsulated that sentiment of general support. All through the time studied, the Rudd Government maintained consistently high polling figures. From May 2008 until March 2009, approval for Rudd's performance never fell below 61 per cent (Nielsen 2008, 2009). From the critical period of mid-October 2008 until mid-March 2009, between 53 per cent and 63 per cent of Australians were confident that the Australian economy could withstand the global financial crisis (Essential Research 2009b).

One exception to this pattern might be the government's earlier attempts to maintain a low-severity frame during the escalation of events in September and October. In was in these months of the period studied, after the Lehman Brothers collapse but before the Prime Minister's address to the nation, that the lowest levels of public support were observed. When a type-2 frame was belatedly adopted, the public rallied, despite the somewhat negative implications of such a change. Similarly, media commentaries on the speeches in the transition period were most consistently sceptical of the government's line on severity. In the area of severity, it seems the government had less room to move than elsewhere, and attempts to play down the crisis in the earlier stages appear to have made the government seem out of step rather than calming the situation.

When the government proactively seized the framing initiative in mid-October, however, and pursued a type-3 frame in early 2009, the public's mood largely rallied behind the government, indicating, if anything, that the later framing was a successful endeavour for the Labor Party. The Prime Minister's popularity and economic confidence remained in the high sixties (Newspoll 2009) and support for the new stimulus package in February was as high as 84 per cent for some measures (Essential Research 2009a). In contrast with attempts to frame the severity of the crisis, assigning causes and framing a response to the crisis were fairly successful endeavours for the government, even as it moved into otherwise controversial territory.

Also interesting is what agenda the media might have set for crisis definition. The most prominent example of this was deficit spending—a matter that required

an extensive rhetorical frame to be set up to even introduce it as a possibility. That necessity was driven largely by a salience of the issue created by the media, as even the vaguest of references to this matter were latched onto with a ferocity that compelled the government to be well prepared.

Conclusion

In summary, the Australian story in this volume has been one of fluidity in framing and proactive adaptation. Coming on the back of 11 years of conservative government, the Rudd Administration was very successful in framing its new government as a dynamic agent of change. Astutely coming to embrace the severity and scale of the crisis, it was able to tailor its election promises, its policy platform and its broader ideological agenda to the circumstances and frame them as cures to the ills of the financial crisis. In the process, it tethered its erstwhile opposition to perceived historical failures and untenable ideologies. The Rudd Government adapted its rhetorical strategy to utilise the crisis, focus blame and embrace policy implications. The strategy has, however, been an evolving one. The significant shift in tone from mid-2008 to early 2009 demonstrates the complexity and situational nature of framing contests, and the government faced a difficult balancing act when creating a rhetorical frame that could be received as realistic by its constituency without shanghaiing the government agenda.

Though many observations have been discussed previously, one that seems critical to the success of the Rudd Government in this case is positioning. Flexibility to seize the initiative and define the players in the framing contests proved to be critical for the government. Despite starting as a defender of the system and playing down the crisis, the government was able to quickly recast itself as a champion of change and action by October 2008, and gave programmatic weight to that action by February 2009. Once accomplished, the framing battle itself was confined to light skirmishes as the opposition struggled to present an alternative frame and escape definition as a defender of a failed financial system.

In this chapter, we have been limited to examining just a slice of what occurred rhetorically during the escalation of the crisis (and how it was received). Nonetheless, while the global financial crisis undeniably increased the complexity of governing and created more difficult political and fiscal terrain, the Australian case demonstrates the significant political power of crisis framing and how, when harnessed well, crisis could be wind in the sails of the government, generating political momentum. In the middle of 2009, as the crisis continues to demolish the political capital of Western governments, their leaders can only look upon Kevin Rudd with envy.

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