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The ALP after 2004

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The ALP after 2004

Abstract
In 2004, for the first time in the two decades for which Australian Election Study (AES) data has become available, more blue-collar workers cast their primary vote for the Coalition parties than for Labor. Blue-collar support for Labor had partially recovered under Beazley in 1998 and 2001 following its dramatic drop under Keating in 1996 but it dropped to even lower levels under Latham in 2004. This paper analyses AES survey data, the actual voting results in each federal electorate and the demographic characteristics of those electorates to discuss the nature of Labor’s latest national election defeat and the reasons for it. There is considerable disagreement among commentators as to whether Labor has lost the last four national elections because it has failed to reconnect with its traditional voter base; or because it has failed to go beyond that base. Much of the disagreement centres on how blue-collar workers are to be understood. Are they ‘battlers’ and victims of ‘globalisation’ or have they become prosperous, upwardly-mobile and ‘aspirational’? Related questions include whether the most salient issues for blue-collar voters are economic, or cultural; and whether the most important inequalities in Australian society should be measured in terms of income; or occupation; or geographic location (including degree of distance from the inner-city). This paper analyses the policies presented in the 2004 election and engages with informed journalistic analyses, and contributions from past and present politicians, in addition to the work of political scientists, to help make sense of precisely where and why Labor lost support in 2004 and the implications this has for future ALP policy and strategy. The paper also contributes to the longer-term debates about the reasons for Howard’s electoral ascendancy since 1996; and the role and constituency of Pauline Hanson’s One Nation Party.

After taking into account the effect of electoral redistributions, only a net total of four seats changed hands from the Australian Labor Party (ALP) to the Liberal and National parties (LNP) on 9 October 2004, but the ALP’s primary vote fell to its lowest level since 1906 (calculated from: McAllister et al. 1997, 83-87; Newman 2005, 64). The ALP’s latest election defeat also represents the worst stagnation of Labor’s primary vote over four consecutive national elections in the Party’s history.

The failure of the ALP to stop a further fall of its first preference vote in 2004 is even more serious considering that the primary vote of the Australian Democrats fell dramatically at this election following years of internal strife. Some of the former Democrats voters could reasonably have been expected to switch to the ALP. The fall in the Democrats vote has coincided with a rise in support for the Greens, yet the ALP’s primary vote did not increase whereas the combined primary vote of the Liberal and National parties did. This may be because any crossovers from former Democrat voters to the ALP were offset by moves of other, formerly ALP voters to the Liberals.

In addition, the continuing steep fall in the vote for Pauline Hanson’s One Nation (PHON) Party – since its spectacular debut in 1998 amid a shake-up of longstanding voter loyalties in Australia then – has not coincided with any rise in the ALP’s primary vote in the last two elections.

1 In line with convention among political scientists, the NSW (Lang) Labor vote is included in calculations of the total ALP vote for the 1931 and 1934 elections.
Table 1 sets out key data on the changing pattern of Australian political parties’ support at national elections since 1983.

**Table 1 : Party support at national elections**

<table>
<thead>
<tr>
<th>Year</th>
<th>ALP</th>
<th>LNP</th>
<th>Democrats</th>
<th>Greens</th>
<th>PHON</th>
</tr>
</thead>
<tbody>
<tr>
<td>1983</td>
<td>49.5</td>
<td>43.6</td>
<td>5.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1984</td>
<td>47.5</td>
<td>45.0</td>
<td>5.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1987</td>
<td>45.8</td>
<td>46.0</td>
<td>6.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1990</td>
<td>39.4</td>
<td>43.5</td>
<td>11.3</td>
<td>1.4</td>
<td></td>
</tr>
<tr>
<td>1993</td>
<td>44.9</td>
<td>44.3</td>
<td>3.8</td>
<td>1.9</td>
<td></td>
</tr>
<tr>
<td>1996</td>
<td>38.8</td>
<td>47.3</td>
<td>6.8</td>
<td>2.9</td>
<td></td>
</tr>
<tr>
<td>1998</td>
<td>40.1</td>
<td>39.5</td>
<td>5.1</td>
<td>2.6</td>
<td>8.4</td>
</tr>
<tr>
<td>2001</td>
<td>37.8</td>
<td>43.0</td>
<td>5.4</td>
<td>5.0</td>
<td>4.3</td>
</tr>
<tr>
<td>2004</td>
<td>37.6</td>
<td>46.7</td>
<td>1.2</td>
<td>7.2</td>
<td>1.2</td>
</tr>
</tbody>
</table>

Source: Newman 2005, 64. The LNP figures here include the Northern Territory Country Liberal Party votes.

The Table makes clear how far the ALP’s primary vote has fallen since the 1983 Hawke landslide, including the fact that it has risen in only two of the last eight national elections: 1993 and 1998. On both these occasions the ALP’s opponents were proposing an unpopular move to new indirect taxes.

In terms of the electorally decisive two party preferred (2PP) vote, the outcome nationally in 2004 was less historically bad for the ALP than the trend in the Party’s primary vote. At 47.3%, Labor’s 2PP proportion of votes is higher now than it has been on six previous occasions since the Second World War including, most recently, 1996, 1977, 1975, and 1966. However, even in two party preferred terms, there were swings against the ALP in 107 seats in the 2004 election, whereas only 43 swung towards the ALP.

The swings against Labor in 2004 were lowest in electorates classified by the Australian Electoral Commission as “inner metropolitan: located in a capital city and comprising well-established, built-up suburbs”; and highest in those electorates classified as “outer metropolitan: located in capital cities and containing areas of more recent urban expansion” (Australian Electoral Commission 2005).

Table 2 draws on publications of data from the Australian Election Study and shows that the proportion of blue-collar (or ‘manual’) workers voting ALP fell to just 42 per cent in 2004, which is the lowest recorded in the two decades of national elections for which data from this Study is available. Moreover, for the first time in these two decades, more blue-collar workers cast their first preference vote for the LNP in 2004 than did for the ALP.
Table 2: The major Parties’ support from blue-collar workers

<table>
<thead>
<tr>
<th>Year</th>
<th>Proportion voting ALP (%)</th>
<th>Proportion voting LNP (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984</td>
<td>65</td>
<td>31</td>
</tr>
<tr>
<td>1987</td>
<td>59</td>
<td>34</td>
</tr>
<tr>
<td>1990</td>
<td>50</td>
<td>38</td>
</tr>
<tr>
<td>1993</td>
<td>59</td>
<td>33</td>
</tr>
<tr>
<td>1996</td>
<td>44</td>
<td>43</td>
</tr>
<tr>
<td>1998</td>
<td>46</td>
<td>37</td>
</tr>
<tr>
<td>2001</td>
<td>47</td>
<td>39</td>
</tr>
<tr>
<td>2004</td>
<td>42</td>
<td>47</td>
</tr>
</tbody>
</table>


Table 2 when compared with Table 1 shows that blue-collar workers’ support for the ALP has fallen more steeply than overall support for the ALP in the last two decades. However, blue-collar support for Labor rose to a greater extent in the 1993 election than did the ALP’s overall vote, when major and unpopular industrial relations changes were being proposed by the ALP’s opponents (alongside new indirect taxes and a weakening of Medicare). Many more blue-collar workers appear to have defected from the ALP to the LNP in the 2004 election, when the dominant issues were economic, than in 2001, when the asylum seeker issue was unusually prominent. The timing of these trends tends to support the view that material economic issues are more important to blue-collar voters than cultural issues.

The distinction between blue-collar and white-collar workers is in many ways artificial, and there are large and growing numbers of routine white-collar workers employed in low-paid, casual jobs who, in their incomes and prospects, are closer to many blue-collar workers than they are to the ‘career’ sections of the labour force. A distinction between ‘jobs’ and ‘careers’ tells us more than does a distinction between blue-collar and white-collar workers.

However there are methodological impediments (including major changes in the official classification of occupations) to making comparisons of the bases of support for the major political parties over 20 years as in the above Table unless we limit the data to the trends among blue-collar workers (currently categorised in the census as: tradespersons and related workers; intermediate production and transport workers; and labourers and related workers).

Trends in the political outlook of blue-collar workers can still be important indicators of the political outlook of the working class defined more broadly to include routine white-collar workers (Scott 2004, 3).
In 2004 the ALP’s family tax policy would explicitly have made some struggling people in safe Labor seats economically worse off, which may have prompted the voters in those seats to respond by making Labor electorally worse off.

There was also the ALP’s sudden proposal late in the campaign to end logging in Tasmania’s old growth forests without making specific or negotiated alternative employment arrangements for the displaced workers. Although many voters if asked may well have said yes to the desirability of protecting Tasmania’s old growth forests from logging, this issue was simply not central in most voters’ priorities. The number of workers who would have been directly affected by Labor’s policy was magnified politically by the image of Prime Minister Howard reassuring those Tasmanian timber workers threatened by job loss. The picture of Howard saying “I’ll save your jobs” to these workers powerfully contrasted throughout blue-collar Australia with the memories of Keating and Hawke’s dismissive attitude to much larger numbers of manufacturing industry workers in the economic restructurings promoted by the Labor governments of the 1980s and early 1990s.

The Coalition parties also prominently promoted in the 2004 election campaign a new agenda for technical education and apprenticeships, which would have appealed to parents in Australia whose children do not get University places.

The process of suburbanisation has generally aided the ALP’s electoral prospects since the 1960s by dispersing people in blue-collar and routine white-collar occupations who had a disposition to vote ALP across many electorates. The voters moving to the outer suburbs of Australia’s capital cities and taking out large mortgages, however, have had decreasingly direct and deep traditional cultural attachments to the ALP. In 1996 and subsequently they have shown that they are reluctant to forgive and forget the direct jolts to their material security caused by the high interest rates imposed by the Hawke and Keating governments. Voters in the newer growing outer suburbs are prone to react against Labor when there are doubts raised over its capacity as economic managers, as was the case in 2004.

Table 2 when compared with Table 1 also shows that the ALP particularly lost – and the LNP particularly gained – support from blue-collar voters in the 2004 election, in contrast to the trends in 1998 and 2001. However, Paul Keating, who as Prime Minister led the ALP to a similar defeat in 1996 in terms of the occupational groups which particularly swung against the Party then, has recently re-emerged to claim that Labor erred by “playing to its base” rather than appealing sufficiently to ‘aspirational’ voters during the 2004 election campaign (The Weekend Australian 3-4 June 2006). Keating has made the remarkable claim that in 2004 Mark Latham pitched his “appeal to the ‘battlers’” (The Weekend Australian 3-4 June 2006) and that, in general, “since 1996…Labor has turned its back on upward mobility” (quoted in Megalogenis 2006, 233); “lost the young people and…lost those that have gone out to employ themselves” (Australian Broadcasting Corporation 2006).

Keating has not mentioned, in his recent statements, the many voters lost to Labor in 1996 and earlier in the ALP’s time in government. His claims are also open to
three obvious challenges. The first is that the very term ‘aspirational’ is messy and misleading, as Sean Scalmer has shown (Scalmer 2005). The second is that Mark Latham can hardly be said not to have courted this perceived constituency – indeed he seemed fixated on so-called ‘aspirational’ voters. The third problem with Keating’s claims is the actual electoral evidence which contradicts them.

Table 3 shows the trends in ALP support among young voters, and among the self-employed, at national elections in the last two decades.

**Table 3: The ALP’s support from young voters, and from the self-employed**

<table>
<thead>
<tr>
<th>Year</th>
<th>Proportion of 18-24 year olds voting ALP (%)</th>
<th>Proportion of self-employed voting ALP (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984</td>
<td>54</td>
<td>34</td>
</tr>
<tr>
<td>1987</td>
<td>50</td>
<td>27</td>
</tr>
<tr>
<td>1990</td>
<td>49</td>
<td>26</td>
</tr>
<tr>
<td>1993</td>
<td>44</td>
<td>25</td>
</tr>
<tr>
<td>1996</td>
<td>44</td>
<td>19</td>
</tr>
<tr>
<td>1998</td>
<td>47</td>
<td>28</td>
</tr>
<tr>
<td>2001</td>
<td>46</td>
<td>24</td>
</tr>
<tr>
<td>2004</td>
<td>34</td>
<td>23</td>
</tr>
</tbody>
</table>


The data in Tables 2 and 3 show that Labor rebuilt some of its lost support among blue-collar and young voters in 1998 and 2001 after the low-points to which they had fallen in 1996; but then, under Latham in 2004, Labor support from these voters fell back to similar levels to 1996. The ALP’s support among the self-employed, meanwhile, has been higher at each election since 1996 than it was in that year, when Labor lost office under Keating; and it is not now significantly lower than when Labor was winning elections in the 1980s and early 1990s.

Latham’s pitch in 2004 was not in fact to the ‘battlers’ but was actually very similar to Keating’s own approach in 1996 – and it had similar electoral results. By contrast Beazley’s more traditionalist pitch was more electorally effective, especially in 1998.

Keating’s claims were made in interviews for and about a new book by George Megalogenis, a journalist who analyses statistics and incorporates his findings with some flair into a wide-ranging political analysis. Megalogenis himself tends to endorse Keating’s views on the ALP’s consecutive national election defeats since 1996: writing for instance that in 1998 and 2001 “Beazley didn’t know how to play the politics of prosperity” (Megalogenis 2006, 232).

Amidst the two books by Megalogenis (2003, 2006) however is a wide range of thought-provoking inquiries and insights into the demographics underlying
changes in Australians’ partisan loyalties in the last two decades, including the altered position of women in Australia’s workforce and wider society. Megalogenis’s findings concerning blue-collar workers, when combined with and counterbalanced by other data, can be developed to support a quite contrary view to that expressed by Keating.

Although Megalogenis emphasises Australia’s general prosperity since the early 1990s he also recognises gaps in the well-being and inevitable limits to its longevity:

Keating bequeathed Howard in 1996…[both] an upwardly mobile working class and [my italics] an expanding underclass (Megalogenis 2006, 2).

Megalogenis writes about deregulation’s underclass, the families with dependent children where there is no breadwinner role-model...[and the fact that of these] 357,000 jobless families...the majority are easily identifiable: they are Australian-born single mothers (Megalogenis 2006, 192).

He expresses concern that

A nation that is raising one in five of its children in households without a breadwinner has less reason to be satisfied than it might think. The danger of the Howard era is that...the next generation will awake to find it has a permanent underclass in its midst (Megalogenis 2006, 297).

Some would argue that there is such a permanent underclass in Australia already. The steep long-term decline in the proportion of men in full-time jobs since the 1970s (Frijters and Gregory 2006, 9) is among the evidence pointing to this.

As at the last national census, there are still 2.4 million blue-collar workers in the Australian workforce (Australian Bureau of Statistics 2003). Nearly half a million of these workers are women (Australian Bureau of Statistics 2003). Some blue-collar workers have become visibly more affluent in the last decade – and there has been much media interest in those who are turning into self-employed contractors, seeming to become ‘aspirational’ and moving into so-called ‘McMansions’ in outer suburbs.

According to Megalogenis, in the early 1990s:

The blue-collar male...had two choices during the recession: work for himself, or go on welfare (Megalogenis 2006, 147).

Megalogenis emphasises the subsequent upward mobility of some male blue-collar workers:

the lost blue-collar worker...used his redundancy cheque from Telstra, or the state electricity monopoly, or a medium-sized manufacturer, to...begin a
second career as a handyman. These defectors became Coalition voters, first because of the recession, which they blamed on Keating; then because of the recovery, which they thanked Howard for...

Four out of every five people who decided to work for themselves in the 1990s were aged 50 or over, and most were handymen. They were the workers we had to have to do our renovations and landscaping in the second half of the decade (Megalogenis 2006, 41-42).

However, examination of the statistics on which Megalogenis draws indicates that the proportion of blue-collar workers still in the workforce who are self-employed only amounts to one fifth of all blue-collar workers (Australian Bureau of Statistics 2005). Many of these are in fact “disguised” employees (see Watson et al. 2003, 63-64, 71-72); while 80 per cent of all blue-collar workers in the labour force are still, unequivocally, employees.

Then there are the very large numbers of retrenched and still unemployed former blue-collar workers who were hit hardest of all by the early 1990s recession, including the many migrant women displaced from the textile, clothing and footwear industries.

As Megalogenis also acknowledges,

> When Howard took office, there were 500 000 people on the disability-support pension. In Keating's recession, this payment had become a halfway house between the dole and the age pension for many of those too old to be reemployed but too young to retire. The Coalition's changes to job assistance did little to help this group. Eight years on, their ranks had risen to 700 000 (Megalogenis 2006, 203).

The many former blue-collar workers on the disability-support pension may no longer be recorded in the labour force statistics; but they are still on the electoral rolls.

In Australia’s latest national census a continuing close association is shown to exist between blue-collar workers and socio-economic disadvantage. Areas of Sydney, for example, with high percentages of blue-collar workers also currently tend to have high levels of people without qualifications and high numbers of unemployed people; and a low incidence of people using the internet at home (Australian Bureau of Statistics 2002, 58).

People who move to the outer suburbs may thereby be able to have larger houses but they do not have the same access to public transport and other infrastructure and amenities as do people who can afford to buy the more expensive houses closer to the CBDs of Australia’s capital cities.

As Megalogenis elsewhere writes, in the recovery from the early 1990s recession, “the jobs were not going to those who had been retrenched in the recession”, and in consequence many “blue-collar…voters had time on their hands and an axe to
grind with globalisation”. These blue-collar voters “were older [and] more likely to be unemployed” and “Australia in the 1990s was a scary place for these people…These voters broke with a habit of a lifetime and began supporting the minor parties, which propelled the main parties onto a decade-long search for a new language to bring them back, to make them feel like they were part of the nation” (Megalogenis 2006, 69, 102-103).

Megalogenis identifies how Paul Keating
could never bring himself to soften his presentation, to strip away the layers of his personality that turned off traditional Labor supporters (Megalogenis 2006, 151).

The same can be said for Mark Latham’s style and approach in the 2004 election.

By contrast, as Megalogenis points out,

What made Howard believable to voters in the mid-1990s, when he hadn’t been in the 1980s, were his social policies. His conservative agenda helped to create the impression [my italics] that he was, in fact, offering to undo some of Keating’s economic agenda because they talked about restoring old Australian values…

The mandate he was seeking was socially conservative and economically liberal. It was, in reality, the same mix that he had deployed in the 1980s, but with one subtle difference: this time, he would not try to position himself to the right of Labor on economics…

Howard’s homespun persona made sense against Keating in the mid-1990s in the way that it never could have in the 1980s because the nation had grown tired of deregulation…

Howard…gave a voice to one group of reform’s losers, the blue-collar men who Keating had ignored in the early 1990s after he had taken away their jobs. He understood before Keating did that Australia had been fractured by deregulation, and that a majority at the ballot had to be built, one voting bloc at a time (Megalogenis 2006, 170-172, 289).

Pauline Hanson’s One Nation Party has been associated with the separation of the so-called ‘Howard battlers’ in Australia from traditional ALP voting loyalties. Megalogenis argues that

The recessions of 1982-83 and 1991 wiped out a generation of blue-collar men, and had sent them into the political arms of Pauline Hanson by the second half of the 1990s (Megalogenis 2006, 25-26)

and that Pauline Hanson
said a lot about Australia north of the Murray River. Almost 1 million people voted for her party at the 1998 federal election, and two-thirds lived in Queensland and NSW.

...Why did Queensland, and to a lesser extent NSW, embrace Hansonism, but not Victoria, which had been the state that took the heaviest fall in the recession? The simple explanation is that Victoria, the home of multiculturalism, was offended by Hanson's anti-black, anti-Asian platform. By contrast, Queensland had the lowest immigrant population of the mainland states, and so it didn't see the offence in her utterances...

[and,] there is another immigrant angle to help explain why Queenslanders were the voters most attracted to Hanson...

Brisbane collects 2 000 more retirees and low-skilled workers from Sydney and Melbourne each year than it loses...

One Nation voters were predominately older men, in their forties and fifties, without work and on welfare. They lived along the Queensland coastline, but that did not necessarily make them locals. Some were economic refugees from the southern states, including multicultural Victoria...

regional Australia [was] telling the politicians that they were mugs for deregulating Australia's industries when the rest of the world wouldn't return the compliment by opening their markets to us. Hanson tapped this feeling with her economic nationalism (Megalogenis 2006, 211, 223-225).

According to Megalogenis, Howard won the Hanson supporters back after 1998, particularly with his stand in 2001 against the Tampa asylum seekers (see Megalogenis 2003, 181-183). The Megalogenis analysis is conducted using different methods, but his conclusions closely match, leading political scientists' investigations into the basis of support for Pauline Hanson's One Nation Party in 1998 (see McAllister and Bean 2000), and into the reasons for the shift in support by PHON voters to the LNP between 1998 and 2001 (see McAllister 2003, 450).

Conservative social policies have been part of Howard's appeal to some blue-collar workers since 1996, but the salience which these issues have acquired has been due to the erosion of traditional differences between the major parties on economic policy (for a particularly good contribution to the debate on the relative importance of these factors in support for PHON, see Turnbull and Wilson 2001).

Megalogenis believes that

Before we look at what the Howard years have meant, we have to deter some popular misconceptions about the battlers. Think of the 150 electorates in the federal parliament as three zones of 50 seats each: higher-income, middle-income and bottom. The battlers reside predominately in the bottom-50 seats on the electoral income-ladder. Generally speaking, the battler electorates are in country towns and the
bush, where the voters are older and earning less than the norm…[they are] WW seats…white and on welfare (Megalogenis 2006, 190-191).

When ‘battlers’ are defined in these terms, i.e. according to income, Megalogenis finds that

The Liberal and National Parties held the majority of the battler electorates throughout the 1980s, despite the rivalry between Howard and Peacock. They even had the majority of the bottom-50 electorates in 1993, despite Fightback! (Megalogenis 2006, 191).

This is correct; but only because low-income voters in rural electorates have historically identified differently than low-income voters in urban electorates. This simply reflects the long-standing and well-known fact that in Australia the country-city divide has overridden other potential political allegiances.

Measuring electorates by income is not an adequate method for defining ‘battlers’, in part for the reason that stated income at census has always been an unreliable measure of real socio-economic position because the rich can understate their income. Furthermore, income does not reflect assets, which is particularly relevant for rural electorates with farmers who hold major assets even if their annual income stream is not great.

When measured by occupation – which is after all the traditional basis of the party/class divide between Labor and non-Labor in Australian political science – the ALP held 46 of the ‘bottom’ 50 seats, i.e. those with the lowest proportions of professional and managerial occupations, in 1993.

Categorising electorates according to whether they have a low proportion of professional and managerial occupations is a better way of identifying ‘battler’ electorates than categorising according to high numbers of blue-collar occupations, because it takes in the large number of predominantly female clerical, sales and service jobs in addition to the tradespersons, production and transport workers, and labourers.

While it is always important to be cautious about reaching conclusions from aggregate level data of this kind, the relationship between the demographic characteristics and the voting patterns of electorates can give valuable clues to supplement those parts of the voting behaviour picture which are provided by individual survey data such as the Australian Election Study.

Table 4 draws from publications of data by Australia’s Parliamentary Library about the occupational profile of electorates at the census closest to each election, on the boundaries which applied at each election; and the corresponding election results.

It shows that Labor’s majority in the 50 electorates with most ‘battler’ occupations was overwhelming in 1993 but that it has slumped drastically since then, and that it fell below 30 in both 1996 and in 2004.
Table 4: ALP strength in electorates with most ‘battler’ occupations

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Number out of the 50 seats with the lowest proportion of professionals, managers and administrators held by ALP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993</td>
<td>46</td>
</tr>
<tr>
<td>1996</td>
<td>28</td>
</tr>
<tr>
<td>1998</td>
<td>36</td>
</tr>
<tr>
<td>2001</td>
<td>30</td>
</tr>
<tr>
<td>2004</td>
<td>29</td>
</tr>
</tbody>
</table>

Sources: Kopras 1993, Table 42b; Kopras 1998, Table 43b; Kopras 2000, Table 43b; Kopras 2003, Table 41b; Kopras 2004, Table 48b; Australian Electoral Commission 1999; Australian Electoral Commission 2002; Australian Electoral Commission 2005.

The inadequacy of stated income at censuses alone as a measure of people’s real relative social and economic position has prompted the Parliamentary Library to now develop an Index of Relative Socio-Economic Advantage and Disadvantage as a fuller measure. This composite measure takes into account occupations, employment status and tertiary education qualifications as well as income.

Comparison of the 2004 election swings with this Index of Relative Socio-Economic Advantage and Disadvantage (Newman and Kopras 2004) indicates that 14 of the seats which swung to Labor in 2004 were from the 20 richest seats in the nation, whereas all of the 23 most socio-economically disadvantaged seats in Australia swung against the ALP.

Those voters who swung to Labor (and those who stayed with and/or went to the Greens) in 2004 in many of what have become the relatively affluent inner suburbs of Australia’s capital cities were moved by – because they could afford to be moved by – ethical concerns which have been raised about the lack of propriety of the Howard Government. Voters in the outer suburbs moved away from Labor because they were most concerned about major economic issues, which Labor in this election conspicuously failed to tackle. The swing against Labor in 2004 was consistently from voters in seats below a certain socio-economic threshold of security and comfort. Labor was simply not attuned enough to the primary issue for the majority of voters, which is anxiety about their economic security, the maintenance of which crucially underpins, and is a precondition for, their pursuit of other goals.

The blue-collar swing against the ALP in 2004 should therefore be understood as part of the reaction of less well-off sections of Australian society against an ALP which under Latham appeared unconcerned with their material needs – rather than being the expression of a so-called ‘aspirational’ stratum which found Labor insufficiently individualist; or some groundswell of cultural conservatism.

Megalogenis regrets that
politicians treat working families as if they were battlers because that’s how these couples see themselves. Their gripe is the cost of living...But these people are time-poor [my italics] not income poor (Megalogenis 2006, 190-191).

Being time-poor is a real and widespread problem however, and an increasing potential political issue given the trends to work intensification, and to increased difficulties juggling work pressures with family life, which have developed in and since the 1990s. Howard as Prime Minister has talked about the importance of this issue but has not acted to remedy it; and his major industrial relations overhaul which has begun to take effect in 2006 is likely to exacerbate it. Those who are not currently measured as income-poor know full well that if they do ease off on their time commitment to their work then they risk becoming income-poor.

People in areas below a certain socio-economic threshold of security and comfort are the most greatly at risk from increased debt levels, and are understandably therefore the most anxious about the possibility of there being a return to high interest rates. They are struggling to keep their heads above water at work in the hope of sustaining current incomes, they are the most vulnerable to possible economic downturn, and they are the most worried about losing recent economic gains.

The ALP’s decision not to talk about its industrial relations policy in the 2004 election meant that the Party had nothing public to say about the widespread feelings of job insecurity among workers in the current labour market. These feelings may be as much a cause of anxiety about meeting mortgage debt payments as are interest rate levels. Labor now needs to convey the complexity of factors which affect interest rates and the other factors that make home ownership feasible or not for working people, which include more secure employment prospects.

Kim Beazley, having returned to the ALP leadership after the Party’s 2004 election loss under Latham, has made clear commitments to repeal Howard’s latest industrial relations changes and the earlier instalments including Australian Workplace Agreements. This is a sensible and appropriate strategy to make industrial relations a central issue, and to increase the ALP’s differences from the LNP on this issue, in order to appeal to the broad majority of wage and salary earners among whom Labor needs to win more support.

What Howard’s new industrial relations legislation does is, to use Megalogenis’s words, put the LNP back “to the right of Labor on economics”, as it was in 1993. There is strong majority opposition to these industrial relations changes (see e.g. Meagher and Wilson 2006, 2), they are expected to have widespread negative effects, and Howard seems less likely to compromise on this core ideological commitment than he has on other policies. This gives Labor the possibility of reconstructing a similar winning electoral base of support as it achieved in 1993. To do this, Labor will need to further develop its economic policy differences from the LNP and show that, despite the impression which Howard may have given
since 1996 of relaxing the imposition of economic change, the real effect of his new industrial relations changes will be to re-intensify this change and thereby cause more insecurity.

Megalogenis is perceptive in pointing to the economic fragility beneath Australia’s present veneer of prosperity. He writes how Australians have entered

- [a] new type of debt danger-zone...
- [how] Australia is a quarry with a view, a first world consumer and services economy, supported by a third world commodities base...
- [and how] the next recession, whenever it strikes, will have something to do with the household debt binge that Howard [has] sanctioned (Megalogenis 2006, 257, 286, 299).

The economy is indeed far from ‘strong’ under the Howard Government, according to objective economic measures, when so much growth and activity rests on the fragile foundations of household and personal consumer debt. Nor can it be regarded as ‘strong’ when it is regularly producing very large balance of payments deficits. These trade deficits and the absence of an export effort from Australia since 1996 have been allowed to become irrelevant to political assessments of the health of the economy whereas they were central in the 1980s.

The ALP policy approach after 2004, in the lead-up to the 2007 election, needs to include industry policies to promote exports and other policies to tackle the real extent of unemployment, which is much higher than the narrow official calculations. The persistence of damaging skill shortages also means that any substantial Labor alternative proposals for investment in quality apprenticeships are likely to win public support.

The belated recognition by the ALP that economic policy now matters is not the same as identifying which economic policy approach will now be likely to rebuild Labor’s support.

Despite the sudden impression during the 2004 election campaign of big spending by both major parties after the Treasury’s mid-campaign announcement of greater than expected funds, the Commonwealth budget remains well in surplus because of an inflow of revenue from debt-funded consumption, previous cuts made to socially valuable programs and government failure to invest in much needed infrastructure including higher education. Greater public investment in community facilities and services is now needed in Australia and – the ALP needs particularly to note – it is needed most of all by voters in the new outer suburbs, in order to reduce their socio-economic distance from the well-established inner urban areas.

The ALP after 2004 needs to outline a credible economic policy program different from that pursued for most of the Hawke/Keating years, one that promotes greater security and fairness for the broad majority of ordinary working people, in order to win back seats which it has lost and to pick up other socio-economically similar
electorates. If Labor takes this course, then it may be possible for it to win the next national election, despite the low depths to which its primary vote has recently fallen.

References


