the 2004 federal election: why labor failed

By Paul D. Williams

Introduction

The federal election of 9 October 2004 to elect Australia's forty-first parliament had its roots in unusual circumstances and yielded even more surprising results. On the heels of the Opposition's potentially destructive allegations of the Howard Government's deception over the so-called "children overboard" incident of late 2001, the Liberal-National Party (LNP) Coalition snared 46.7 per cent of the primary vote and 87 seats in the House of Representatives, or a net increase of five. The Coalition attained a 2.2 per cent swing to receive 52.8 per cent of the two-party-preferred (2PP) vote. The Liberal Party scored 40.5 per cent of the primary vote (an increase of 3.4 percentage points) to bring it to a near-majority in its own right of 74 seats (a net increase of six). The Nationals, with the loss of a single seat (Richmond, NSW), saw 12 members returned on 5.9 per cent of the primary vote: a tiny increase of 0.3 per cent.

For many, the greatest surprise came when the Australian Labor Party (ALP) managed to take just 60 seats (a net loss of five) with just 47.2 per cent of the 2PP vote. Moreover, Labor's primary vote declined by 0.2 percentage points to just 37.6 per cent, its lowest total since 1931, the year Lang Labor split from the ALP. Indeed, if the 1931 vote totals of the two Labor parties are added, then the ALP's 2004 result is, in fact, its worst since 1906, since before the birth of the modern party system. The Coalition's victory was even more remarkable given the Government, seeking its fourth term, was pitted against a reinvigorated ALP Opposition led by a youthful — and seemingly popular — leader. But this poll was unusual for other reasons. First, the six week campaign was the longest since 1984 and, second, not since 1966 has a government secured a net increase of seats at two successive elections. These circumstances prompt an obvious question: why did the ALP perform so poorly at this point in the electoral cycle and in the wake of its potentially damaging allegations as to the Coalition's integrity?

This article argues that four sets of factors were at play: first, the pre-campaign period in which the Coalition laid critical economic preparations and the ALP made significant policy blunders; second, electors' positive perceptions of John Howard's leadership and less favourable perceptions of Mark Latham's; third, the campaign agenda itself in which the Coalition paraded its credentials on management of the economy and, more specifically, on interest rates; and, fourth, the ALP's "late-target" strategy of delayed policy release.

Pre-election

Prior to Mark Latham's elevation to the Labor leadership in December 2003, the ALP's public opinion standing under Simon Crean hovered, according to Newspoll, around 36 per cent of the primary vote, low enough to incur for Labor a proverbial "train wreck" result. Yet, three months after Latham's accession, the ALP attracted a landslide-inducing 46 per cent of the primary vote, or 55 per cent of the 2PP vote — its best result since early 2001. Latham's populist appeal, in which he pledged to wind back MPs' generous super-annuation entitlements and to implement a "social compact" to strengthen health and education and to guard against "community breakdown", was undoubtedly a factor. Importantly, in a bid to distinguish himself from the Prime Minister, Latham also engaged in an attractive "triangulation" of policy debate — a method adopted from the Clinton Presidency in the United States — in which Latham raised such left-field issues as children's literacy and obesity and the community's "crisis in masculinity". Latham's approach

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appeared to pay off: in early March, Newspoll found that Latham was preferred as Prime Minister by 42 per cent of voters and trailed Howard by just one point, a level never matched by Beazley. Moreover, 74 per cent of voters thought Latham to be "in touch" compared to only 56 per cent who similarly described Howard. Clearly, the Prime Minister was "wrong-footed" by a fresh and plain speaking Opposition leader who refused to combat the Government on its policy ground.

Yet, paradoxically, it is in this sanguine pre-campaign period that the roots of Labor's defeat can be found. Despite, or perhaps because of, Labor's triangulation strategy, Government MPs and political commentators soon condemned Latham for a lack of detailed economic policy. To counter a perception of vagueness, Latham vigorously engaged the Government not on economic policy but on national security - another area traditionally strong for the Coalition. Latham was undoubtedly emboldened by public opinion polls in February which indicated the electorate was evenly split in their opinion of the Iraqi conflict. More damagingly, a majority of voters believed the Prime Minister had misled the public - either knowingly or unknowingly - over the reasons for going to war. To this end, Latham declared in March - apparently without his colleagues' consultation - that a Labor Government would withdraw Australian troops from Iraq by Christmas 2004. The public opinion backlash was palpable: by May, Labor's primary support had fallen to 37 per cent. Latham's statement appeared to have three deleterious effects. First, it shunted conservative voters attracted to the innovative Latham back into the Coalition camp. Second, it shook the Labor caucus's tenuous confidence in Latham for advancing such a contentious position without adequate consultation. It must be remembered, of course, that Latham inherited a divided ALP by winning the leadership by the narrowest of margins. Third, the controversy of the ensuing debate truncated prematurely Latham's "honeymoon" with the public and, especially, the media. The overall result was that Latham's statement robbed the ALP of the momentum necessary to enter a campaign against a well-ensconced incumbent government. Labor later clawed back some public opinion ground, but the party never again reached its March peak.

Leadership

Voters' high regard for Howard's leadership, and lower regard for Latham's, was undoubtedly a critical factor in the Coalition's victory. Where, according to Newspoll, Latham's support for preferred prime minister in 2004 rarely rose above 35 per cent, Howard's was often over 50 per cent. At the campaign's close, Howard attracted 54 per cent to Latham's 31 per cent. Indeed, Howard capitalised upon voters' perceptions of leadership, and especially Latham's withdrawal statement, to contrast his "experience" with his counterpart's "inexperience". From long before the campaign's launch, Howard implored electors to decide their vote on the basis of which leader was better equipped to manage Australia's national security and, more acutely, the national economy. On the former, the government regained much support when - with the enthusiastic support of the American President George W. Bush who criticised Latham - Howard pledged he would not "cut and run" from Iraq. Once again, Howard emerged, as Bush had once labelled him, a "man of steel". On the latter, Howard and Costello in May delivered an exorbitantly generous Budget, with a $19 billion family-welfare-tax package, including annual $600 per child payments, as its centrepiece. The package was well received and allowed the Government to resume control of the political agenda. By late May, the Coalition could lay claim to 53 per cent of the 2PP vote. The seeds of the Coalition's re-election, then, were sown almost certainly in the 2004 Budget.

Despite these advances, Howard's leadership was again tested on three further occasions. The first, in early August, saw the Government concede to the Opposition two symbolic amendments to the Free Trade Agreement with the United States: one to ensure a minimum cultural content in Australian television programming; a second to keep low the price of pharmaceuticals. The ALP, at least momentarily, appeared to be the greater protector of Australia's national interest. On a second occasion, the Government was embarrassed by an open letter published by a group of 43 former senior diplomats and military personnel who alleged the Prime Minister had misled the Australian public over the reasons for participating in the war against Iraq. Several weeks later, a potentially more devastating development unfolded when a former
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Defence Department adviser, Mike Scrafton, claimed that he had explicitly informed the Prime Minister in late 2001 that no children had been thrown overboard during the Australian Navy’s interception of SIEV IV, despite the claim’s wide dissemination during the 2001 election campaign. These developments appeared to boost the ALP’s support by mid August to 54 per cent of the 2PP vote and encouraged Latham to stake his party’s electoral prospects on the issue of public “trust” in government. As discussed below, this proved an idealistic, if not misguided, strategy.

In terms of Latham’s leadership, it is probable that swinging voters, despite admiring the Opposition Leader’s personal qualities, refused to invest confidence in Latham as a credible alternative prime minister. This is supported by a post-election Galaxy public opinion poll which revealed that most voters did not perceive Latham as “statesmanlike”. Instead, it is probable that Latham’s plain speaking and loose delivery at press conferences – while initially refreshingly novel for voters – ultimately contrasted poorly with the concise style voters have come to expect from leaders. Other leadership problems included Latham’s tendency to eschew policy and campaign advice and to run a “one man band”. In short, it can be argued that the Latham leadership was an experiment that demonstrated early, short-term promise, but one that ultimately failed.

Labor’s attempt to fan public discontent over Costello’s succession to the Liberal Party leadership also appears to have failed. Clearly, the ALP overestimated the electorate’s dissatisfaction with Costello. A March Newspoll, for example, found that 60 per cent of voters regarded the Treasurer as “capable”, with 57 per cent describing him as “likeable”. Moreover, 47 per cent determined Costello would make a “good” prime minister. Exit polls confirm these perceptions, with 68 per cent of Labor voters, and with 90 per cent of Coalition voters, being unconcerned with a Costello prime ministership. In short, the ALP spent a significant share of its campaign time and budget promoting the Liberal candidate for Higgins (Vic.).

The Campaign

The tone of the campaign itself – one pitched to an economic agenda set from day one by the Coalition – was undoubtedly a major influence on the result. While the impact of any campaign on any election result is contentious, the fact that, by the end of this campaign, 30 per cent of voters remained undecided (a level four percentage points higher than in 2001) suggests this longer campaign of six weeks was unusually critical. This statistic is especially germane: it is probable that the additional two weeks allowed the Coalition to extract maximum advantage by coaxing those late-deciding voters – fond of Latham yet wary of his style – back into the Coalition camp.

It is even more critical to note that the Coalition, at no point, lost control of the campaign agenda. Announcing the election date at a press conference, Howard immediately confronted Labor’s campaign declaration of a referendum on “trust” in government. Dangerously exposed on this issue following the Scrafton testimony, Howard neutralised Labor’s strategy by defining “trust” in his own terms: rather than an issue of “truth-telling”, Howard instead asked voters whom did they better trust to manage the national economy. In short, Howard cannily converted a potential negative into a resounding positive. To this end, the Coalition ran a series of television advertisements that, in arguing interest rates would always be higher under a Labor government, lampooned the records of Labor Prime Ministers from Whitlam to Keating. There is little doubt these advertisements struck voters’ hip pockets. Exit polls in New South Wales, for example, revealed that 45 per cent of electors nominated interest rates as the reason for their vote choice. Two further points underscore the efficacy of the Coalition’s campaign: record numbers of Australians now bear huge mortgages as a consequence of the most recent housing boom; and, according to recent research, and more damagingly for Labor, vast numbers of Australians fail to understand how interest rates are set. Ignoring the role of the Reserve Bank, many voters believed that a Labor government would deliberately raise interest rates – and therefore mortgage repayments – as a matter of policy course.
The success of the Coalition's strategy was further reflected in public opinion polls: at no time during the campaign did the LNP's primary vote fall behind Labor's. At its best, in early September, the Coalition scored 46 per cent while, at its worst in late September, it scored 43 per cent. By contrast, the ALP peaked in mid September at just 41 per cent, and reached its nadir of 39 per cent in early October. Only in mid September, in terms of the 2PP vote did the ALP, on 52.5 per cent, momentarily overtake the Coalition. But any revival for Labor was ephemeral: the Coalition closed the campaign on 45 per cent of the primary vote, to Labor's 39 per cent.

Policy
A further significant factor in Labor's loss was the party's failure, on two levels, to find appropriate policy traction, even in areas the party traditionally dominates. On a general level, under its "late target" strategy in which core policies were released late in the campaign, the ALP failed to convincingly "sell" its policies as a comprehensive package. Designed to minimise the opportunity for Coalition scrutiny, the "late target" strategy instead encouraged Coalition criticism for an alleged lack of policy detail and, more critically, robbed swinging voters of much needed time to "digest" adequately Labor's offerings. A lack of credibility in the Labor program, and a loss of confidence in the party itself, was the inevitable result.

Yet Labor also failed to find acceptance among voters in areas of social policy. Tax relief and family benefits, for example, were issues ripe for Labor's picking, particularly given that 15 of the Coalition's 20 most marginal seats housed a majority of households earning less than $52,000 per annum and, therefore, had been neglected by the Coalition's May tax cuts. In terms of welfare, Labor's long-awaited family-tax policy both disappointed and perplexed voters. Following a gaffe by a Western Australian Labor MP, the party was forced to concede three out of ten families would be financially disadvantaged by its package. The party's schools policy scarcely fared better. In promising a redistribution of funding from the wealthiest private colleges to needier private and public schools, Labor appeared to over-estimate Australian voters' capacity to indulge in the "politics of envy". Rather than being championed as a defence of the underdog, Labor's policy instead...
was widely perceived as an attack on private schools generally, with Latham painted as an antiquated “class warrior”. Moreover, the party neglected the fact that a significant proportion of modest income families also educate their children at non-government schools. Labor’s forest policy proved equally unpalatable among voters, particularly in regional Australia, and especially in Tasmania. In pledging to end logging in that state’s old growth forests, the party alienated blue-collar workers in “sunset industries” already marginalised by globalisation and the march of economic reform. Indeed, some evidence suggests that up to one-third of trade union members voted for the Coalition.13 But it is the party’s Medicare Gold policy – in which voters over 75 years of age were to enjoy free hospital care – that will undoubtedly be remembered as the most misdirected of Labor’s campaign, and one in which Labor failed to find credibility on three fronts: first, in terms of its cost; second, it alienated those voters under 75 years content with the Coalition’s private health insurance rebate; and third, and most critically, Labor failed to comprehend how solidly the over 75 years cohort is “rusted” onto the Coalition: to divert so much of its policy budget to such a hostile and immovable demographic is strategically curious.

Conclusion – where to for Labor?

This article has argued that four sets of factors contributed to Labor’s unexpected reversal at the 2004 federal election, namely the critical pre-campaign period during which the Coalition delivered a well-received Budget, electors’ contrasting perceptions of the leadership of John Howard and Mark Latham, the domination by interests rates of the campaign agenda, and the ALP’s “late-target” strategy of policy release. From the above discussion, it can be concluded that these factors impacted negatively on the ALP in two broad ways: first, they robbed Labor of credibility as an alternative government among genuinely uncommitted voters; and, second, they further disengaged traditional Labor voters from the party’s already dwindling core support base.

Several other, more specific, conclusions can also be drawn. First, it appears that Australian voters rate sound economic management higher than “truth telling” in terms of public virtue. Second, in their rejection of Latham’s novel leadership, it appears voters bear a preconceived idea of what image a prime minister should resemble. Third, the Greens’ modest vote increase suggests the complexion of the Australian electorate is of a paler shade of green than many environmentalists had anticipated. Fourth, it is evident that the “late-target” strategy of delayed policy release failed to garner sufficient credibility among an increasingly sceptical electorate. And, last, the 2004 result confirms the long Australian pattern of elections confirming governments in office rather than changing them. Overall, it seems voters have once again come to regard the Liberal-National Coalition as the “natural” party of government.

A more pressing question, however, is exactly how the Coalition recaptured this mantle. It is, for example, likely that the trappings of incumbency allowed the Coalition, on two levels, to receive the electorate’s “trust”. On the first, the government (as opposed to the Coalition parties) waged an extensive public advertising campaign throughout 2004 on such issues as Medicare, domestic violence and Australian citizenship. This advantaged the Coalition by blurring in voters’ minds the line between party and government. Second, the LNP’s adept use of “spin doctors” allowed the Coalition to defuse potentially damaging political crises, including accusations of public deception. Overall, it appears each of these devices allowed the Government to engage in a form of public rhetoric that painted the Coalition as the protector of those policy areas once the province of Labor. Indeed, by campaign’s end, the Coalition had managed to portray itself not only as the superior economic manager but, also, as the public defender of Medicare, school funding, family welfare and, in balancing conservation with jobs, the environment. For Labor, the future challenge is to blaze a trail back to electoral relevance, a task that will require not only a reconstruction of its policy program itself but, equally critically, a re-invention of its core “sales” strategy. This, of course, will inevitably mean a re-evaluation of Labor’s relationship with key sectional groups, ranging from blue-collar unions to the business community. How effectively the party courts its disenchanted may well determine whether Labor returns to government in this decade or the next. KLT.


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28. ibid

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