

# The Australian 2004 election: the secret of Howard's "success"

## Part 1

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*This is the first of a two-part article by Nick Beams on the Australian federal election. The ballot, which was held on October 9, saw the reelection of Prime Minister John Howard's Liberal-National Coalition with an increased majority.*

On Monday October 11, two days after the Australian election, a group of 10-year-olds in Sydney gathered at lunchtime in the schoolyard. It was the first day back after a two-week break. But instead of the conversation centering on holiday experiences, or the latest round of *Australian Idol*, a pall hung over the group. Their discussion had a serious tone: How was it possible that John Howard had won the election? How could people have voted for him? And what could be done about it?

The children's concern reflected the deeply polarised response to the election result, as millions of people around Australia asked the same questions. How was it possible that the Howard government, with its record of lies and deception over asylum seekers and refugees, with its string of falsifications over the invasion of Iraq and the non-existent weapons of mass destruction, could have been returned to office ... and with an increased majority and vote, enabling it to claim control of the Senate, for the first time since the late 1970s?

The right-wing media commentators had a ready answer at hand. Anti-Howard sentiment, concerns about the Iraq war and the government's lies, were confined to the "cultural elites". The majority of "ordinary Australians" found Howard's conservatism increasingly attractive, and were fearful that a change of government could have adverse economic consequences.

In an article entitled "Riding the conservative revolution", *Sydney Morning Herald* columnist Miranda Devine remarked that it would "take more time than usual for the burghers of Gnashville to regroup and rationalise an explanation for the result that can fit their world view." So far all they had come up with was the interest rate scare campaign. But the secret of Howard's election victory, she insisted, lay in the evolution of conservative support since he first won government in 1996. Howard had expanded his base from older sections of the population to new under-30s conservatives. (*Sydney Morning Herald*, October 14, 2004)

The view from Murdoch's *Australian* was not much different. According to columnist Janet Albrechtsen: "Howard haters must be tempted to pack up their bats and balls and leave home rather than explain a win that looks set to make the Liberal leader Australia's second-longest-serving prime minister. Here's a flash: the Howard enigma is no enigma at all. While the Left aches for a top-down vision imposed from above by some Whitlamite, Keatingesque leader, the rest of us prefer the bottom-up Howard version where we get to choose our own vision. Scary, huh? Empower the individual with a buoyant economy that delivers them jobs and higher wages, offer them choice and let each person pursue their own vision. It's a small-v vision to be sure. But it's the essence of Howard's

success" (*The Australian*, October 13, 2004).

From the other side, the tone was set by *Sydney Morning Herald* political columnist Alan Ramsey.

"How on earth could we have put this scheming, mendacious little man and his miserable clique back in office for another three years? Worse, how could we have brought them to the very brink of absolute control of the nation's entire parliamentary process and authority? Very easily, as things turned out, to the cost of the rest of us and our national self-respect.

"For almost nine years this government, incompetent in most everything except mediocrity, debauched its word and the people's trust, along with voters' gullibility, their ignorance, their taxes and, in the end, their greedy self-interest. ... Now we all have to pay for the comfortable idiocy of the manipulated minority" (*Sydney Morning Herald*, October 11, 2004).

For Clive Hamilton of the Australia Institute, a "left-wing" economic think tank, the return of the Howard government "reflects nothing more than the narrow mindedness and preoccupation with self that characterises modern Australia after two decades of market ideology and sustained growth. ... Private greed always drives out the social goods. Not even engagement in a dangerous foreign war, exposed as being based on lies, and the threat of terrorist attacks can bounce people out of their financial preoccupations" (*Sydney Morning Herald*, October 11, 2004).

The liberal academic Robert Manne maintained that it had become all too easy for the coalition "to exploit the divisions between traditional Labor and the left-liberal intelligentsia and to consolidate its links to middle Australia which is largely indifferent towards, or even openly hostile to, the causes of the left—Iraq, truth in government, refugees, [Aboriginal] reconciliation, uncompromising environmental protection and so on" (*Sydney Morning Herald*, October 18, 2004).

At first sight these interpretations seem at odds with each other. Actually, they have a common ground: the uncritical acceptance of "the facts" of October 9, as expressed in the results and voting trends. From one side, this means that the people are to be praised for their clear vision, while from the other, they are to be condemned for their gullibility and selfishness.

But the election result, like any social fact, cannot be understood with a method that simply stops at the voting numbers, then tries to draw political conclusions from them. Rather, it is necessary to penetrate behind the facts to the underlying social reality of which they are an expression. This is the essence of the dialectical materialist method of Marxism.

### Marxist method and the Australian election

The dialectical method begins with a critical attitude towards the appearance-forms of social and political life. This does not mean producing another set of facts that leads to different political conclusions. It is not a question of giving a more “left-wing” version of events, but the penetration of the facts to the underlying reality, thereby showing why it appeared as it did.

In discussing the method of political economy, Marx explained that, at first sight, it would appear to be correct “to begin with the real and the concrete” and therefore to start with assessing the population, which is “the foundation and the subject of the entire social act of production.” However, closer examination shows that this method is not correct. Population is an abstraction if we leave out social classes, and we cannot consider classes until we analyse the elements on which they rest, in particular, wage labour and capital. But consideration of wage labour and capital requires an examination of money and exchange.

“Thus, if I were to begin with the population, this would be a chaotic conception of the whole, and I would then, by means of further determination, move analytically towards ever more simple concepts, from the imagined concrete towards ever thinner abstractions until I had arrived at the simplest determinations. From there the journey would have to be retraced until I had finally arrived at the population again, but this time, not as the chaotic conception of the whole, but as a rich totality of many determinations and relations. ... The concrete is concrete because it is the concentration of many determinations, hence unity of the diverse. It appears in the process of thinking, therefore, as a process of concentration, as a result, not as a point of departure, even though it is the point of departure in reality and hence also the point of departure for observation and conception” (Karl Marx, *Grundrisse*, pp.100-1).

The Marxist philosopher Georg Lukacs also examined these central issues of methodology. All knowledge, he wrote, starts from the facts. But that is only the beginning. It is necessary to progress from “facts” as they are immediately given and “perceive their historical conditioning as such and to abandon the point of view that would see them as immediately given: they themselves must be subjected to a historical and dialectical examination.”

“If the facts are to be understood, this distinction between the real existence and their inner core must be grasped clearly and precisely. This distinction is the first premise of a truly scientific study, which in Marx’s words, ‘would be superfluous if the outward appearance of things coincided with their essence.’”

Lukacs concluded that only through the use of a method which “sees the isolated facts of social life as aspects of the historical process and integrates them in a totality, can knowledge of the facts hope to become knowledge of reality” (Georg Lukacs, *History and Class Consciousness*, pp. 5-8).

The central facts of the 2004 Australian election are easily summarised. Overall, there was a swing to the Liberals on the primary vote of about 3 percent, and just over 2 percent after the distribution of preferences. The Labor Party won 37.63 percent of the vote, its lowest share since 1931, and trailed the Liberal-National Party coalition by more than one million votes.

The Labor Party lost the election in the outer suburban seats of the major capital cities. Here, it either lost seats or failed to win back seats that went to the Liberals in 1996, when the Keating Labor government was ousted. In many cases, these seats saw a further swing to the Liberals of around 3 percent, and in some cases even more.

On a national basis there was a clear correlation between the percentage swing to the Liberals and the proportion of the electorate paying off home mortgages. In other words, the Liberals’ scare campaign on interest rates had a significant impact.

But this electoral fact is the outcome of highly contradictory and potentially explosive social and economic processes—reflected in the vast

increases in mortgage debt and the housing price bubble that have been central features of the Australian economy over the past decade. In the five years to 2002, total housing debt increased by 15.4 percent a year, accelerating to 20 percent in 2003. The vulnerability of millions of families to an interest rate rise can be seen in the growth of household debt as a proportion of total income. In 1993, it was just 56 percent—relatively low by international standards. A decade later it had more than doubled to 125 percent.

Since the Howard government came to power in 1996, house prices have more than doubled in nominal terms, far in excess of incomes. This has meant that the median house price is now equivalent to nine times the average per capita income, compared to six times at the beginning of the upswing. Consequently, home buyers are more deeply in debt than ever before, paying larger amounts on their mortgages than in the late 1980s, when interest rates were 17 percent. However, while the house price boom has generated a mountain of debt, it has also created the illusion of increasing wealth.

A house purchased only a few years ago, on which a family is still struggling to maintain payments, will have a market value several hundred thousand dollars more than its purchase price. Its value would have doubled if it were purchased when the Howard government first came to power in 1996.

But this increased wealth is a financial mirage. It is not the outcome of an expansion in the economy as a whole, but of the increased flow of funds into the property market. This was generated by the international decline in interest rates, especially after 1998 when the US Federal Reserve Board increased the flow of liquidity, in order to try to head off a global slump following the Asian economic crisis. As long as interest rates remain low and money keeps flowing into the property market, home-buyers experience the illusion of growing wealth, even as they struggle to keep up with their mortgage repayments. But if international interest rates increase, as a result of any one of a number of factors—a fall in the value of the US dollar, the onset of a global slump, a slowdown in the Chinese economy, or a withdrawal of Asian bank funds from the US financial markets, to name just a few—then the house price boom can go into reverse.

In other words, an examination of this fact—the decision of voters in high mortgage regions to give their vote to the Howard government—reveals a mass of economic contradictions that are fuelling huge social tensions and uncertainty. This underlying social and economic reality found direct expression in Howard’s electioneering. On the one hand, he claimed that Australia was prosperous and confident. On the other, the centrepiece of the Liberals’ pitch to voters was a scare campaign—that home buyers could be plunged into financial ruin overnight if Howard were not returned to office.

While the precarious position of many working and middle class families in outer suburban areas provided the material conditions for the Liberals’ campaign, it does not explain why their fears were translated into a vote for the Howard government. Under different conditions, such fears would have resulted in a massive rejection of the government and its policies. Political consciousness is not a mechanical reflection of economic and social conditions. It is shaped by historical experiences. It is here that the secret of Howard’s success is to be found.

Consider a family in which the parents are in the 35-40 age range, around the median for the Australian population. The first time they participated in an election was in 1983, when a movement of the working class, in response to the deepest recession since the 1930s, saw the ousting of the Fraser Liberal government and the bringing to power of the Hawke Labor government. This was the start of the most far-reaching transformation of economic and social conditions since the beginning of the twentieth century. It was to lead to the disintegration of the organised labour movement.

*To be continued*



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