The changing face of Australian politics

Consumer confidence in Australia is back to a near all-time high and the major political parties are neck and neck in terms of support (50.5 per cent L-NP to 49.5 per cent ALP). The ALP has a new leader in Mark Latham, and Morgan qualitative research is on the mark, he may change the landscape of Australian politics.

Latham is seen by those who support him as being straight down the line, honest, capable, and as someone who gets on with the job and makes things happen. He’s seen as someone with guts, he is described as fresh, young and strong, with some good ideas, and as offering a break with the past. Some feel that he is the best person to attack the Government and hold it accountable. There are of course many others with whom his style is less popular.

Even before the ALP leadership issue came to a head with Simon Crean’s resignation, November was an interesting month in which much happened politically. The month began with the ALP ahead 53 per cent to the L-NP’s 47 per cent on a two-party preferred basis following the visits of US President Bush and China’s President Hu Jintao.

However, by mid-November the parties were back to neck and neck. This followed the release of Pauline Hanson and David Ettridge from prison in Queensland, Tony Abbott successfully diffusing the medical indemnity crisis and the Reserve Bank increasing interest rates by 0.25 per cent. International issues also returned to the agenda, with boat people, increased casualties in Iraq, and increasing terrorism outside Iraq making the news.

It was hard to imagine a better time for an election for the Howard Government. And the ALP’s ongoing leadership rumblings also cushioned the Government from any serious electoral discontent as there was seen to be little by way of an alternative.

In general a leadership dispute in any party serves to reduce support for that party. However, Crean’s decisive resignation and the quick resolution to the crisis are likely to put an end to the electorate’s frustration with “leadership squabbles”. Latham is even likely to enjoy a honeymoon period, despite the electorate’s original preference for Kim Beazley as the new ALP leader. The length and strength of Latham’s honeymoon will depend on his handling of the electorate, the media, and international issues in the next few weeks, rather than on how he came to leadership.

Latham, with his outspoken style, is also likely to attract more than his fair share of media coverage - at the very least more media coverage than Simon Crean enjoyed - although the media will no doubt be hoping for a slip-up from him, or that he will go too far.

Latham has been very critical of US President Bush. While he is likely to tone down his personal criticism henceforth, his views about the negative impact of recent US foreign policy on Australia make the reports of any change in the views of many Australians.

In late November, 57 per cent of Australians (up 14 per cent since May this year) considered that American foreign policy has a negative effect on Australia. Only 31 per cent believed it has a positive effect, according to the Morgan poll.

In addition to Latham’s desire to defend Australian culture and make Australia a republic, he has also expressed a clear position on taxation cuts for all and on competition, as well as on eliminating poverty, improving education, simplifying government and making it more transparent and honest. His views on these things combined with his direct, forthright style, are likely to make for an interesting few months - and an interesting contest coming up to the next Federal election.

The Morgan poll taken just before the ALP leadership was decided showed that while Prime Minister Howard still enjoyed majority approval among the electorate at 59 per cent, his approval has dropped some 6 per cent since June when he announced his intention to continue as L-NP leader.

The poll also showed that regardless of who won the ALP leadership battle, the
majority of electors preferred Howard as Prime Minister over both ALP contenders. Specifically, Howard led Latham by 61.5 per cent to 25 per cent, with 13.5 per cent undecided.

The electorate and the economy

In early November, the Roy Morgan consumer confidence rating (which was conducted before the Reserve Bank raised interest rates) rose 3.0 points to 124.2 - a near all-time high. The November result is 20.8 points higher than the November average (the average over 28 years is 103.4) and 3.3 points higher than the 2003 average. Consumer confidence has been consistently high since April, and the slight fall in October was recovered in the November figures.

Australians’ analysis of their personal financial situations, which fell slightly in October, bounced back in November. Thirty-four per cent (up 3 per cent) consider their personal financial situation to be better now than it was this time last year, with 28 per cent (down 3 per cent) saying they are now worse off. Australians also showed increased optimism about the future, with 44 per cent (up 4 per cent) expecting to be better off financially this time next year, while 15 per cent (down 3 per cent) expect to be worse off.

Long-term economic predictions improved, with 36 per cent (up 2 per cent) of respondents expecting Australia to have good times financially over the next five years and 17 per cent (down 4 per cent) expecting bad times over the same period.

However, expectations for the short-term future of the Australian economy were down slightly, with 42 per cent (down 3 per cent) expecting the country to experience good economic conditions over the coming year and 19 per cent (down 2 per cent) expecting bad economic times.

The proportion of people who think that now is a good time to buy major household items, such as electrical appliances or furniture, was relatively stable in November. Fifty-eight per cent (down 1 per cent) of Australians say now is a good time to buy, while 14 per cent (up 2 per cent) say it is not.

In the USA the economic signs continue to be positive, with the US Government announcing an 8.2 per cent rise in third quarter GDP, and consumer confidence now at its highest level in at least 14 months. The Conference Board’s consumer confidence index now stands at 91.7 (1985=100), up from 81.7 in October.

The University of Michigan’s index of consumer sentiment puts confidence at 93.7 in the November survey, up from 89.6 in the previous month and 84.2 at the same time last year. They interpret the increase as being related to consumer perceptions that a healthier economy had already created more jobs, and expectations that a stronger economy would produce more jobs during the year ahead.

The ALP slips in the states

While the ALP continues to enjoy strong majority electoral support at state level, the Morgan poll has recorded lost ground in NSW, Victoria, Queensland and Western Australia.

In November in NSW, ALP support on a two-party preferred vote fell 3.5 per cent to 59.5 per cent, while LNP support was up 3.5 per cent to 40.5 per cent. In Victoria, ALP support was down 2 per cent to 57.5 per cent against the L-NP at 42.5 per cent.

Following Pauline Hanson’s acquittal and release from jail, Queensland saw a substantial fall in support for the ALP - down 3 per cent to 59.5 per cent compared with 40.5 per cent for the L-NP. One Nation’s primary support rose 2 per cent to 6 per cent. At the same time in Western Australia, ALP support was down 0.5 per cent to 52.5 per cent to the L-NP’s 47.5 per cent, while primary support for One Nation rose 2 per cent to 4.5 per cent.

The sleepers

Australian-American relations remain an interesting and delicate balancing act. The Free Trade Agreement and all the associated discussions and negotiations are extremely important, and are made more so given the combination of a plain speaking new Labor leader and Australians’ increasing concern over US foreign policy.

The potential for industrial unrest in either of the two politically sensitive areas - health and education - is still a sleeper. How Mark Latham handles these areas, about which he is known to have strong views, could be critical.

Finally, despite John Howard’s belief that “the ALP is the most bitterly divided it has been in seven years”, a major issue for the Government is the very real possibility that the ALP will unite behind Latham. A united ALP with a reinvigorated position on local and international issues could see a “new” Labor emerge as a real force to be reckoned with.