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Leaders, the Economy or Iraq? Explaining Voting in the 2004 Australian Election*

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Following the 2001 "border security" election, it was assumed that the 2004 federal election would revert to the traditional campaign battleground of socio-economic issues. This prediction proved to be only partly true, and while economic and social issues did figure in the election campaign, much more important were popular perceptions of the leaders. Indirectly, the Iraq War also had some impact, mediated through evaluations of John Howard. Analysis of leader effects suggests that Mark Latham was not the electoral liability for Labor that many have subsequently claimed. Ultimately, the Coalition won the election because they had a highly popular leader who had presided over a period of sustained economic growth. The election emphasizes the central role that the party leaders play in modern election campaigns.

The Australian federal election held on 9 October 2004 resulted in the return of a Liberal-National Party coalition government led by John Howard. By any measure, it was an historic success for Howard, representing his fourth successive election win and making him second among Liberal prime ministers only to Sir Robert Menzies' record between 1949 and 1966. In addition to increasing its majority in the lower house, the coalition secured a working majority in the Senate, where minor parties had held the balance of power since 1981 and frustrated the legislative programs of successive governments.[1] For its part, Labor received its lowest primary vote since 1906 and its leader, Mark Latham, eventually resigned a few months after the election, in January 2005, apparently due to ill-health but also amid a rising tide of criticism and recrimination. This resulted in a period of introspection that was given dramatic form by the publication of Latham's diaries which contained an unprecedented attack on his former colleagues.[2]

The Liberals' success followed Australia's controversial participation in the Iraq war, as the most prominent member of the "Coalition of the Willing" after the United States and Britain. Internationally, the Australian election was viewed as a first test of voters' reactions to the failure to find weapons of mass destruction (WMD) in Iraq and the difficulties of establishing democratic institutions there. Indeed, there was speculation that Australia's Liberal Party might suffer the same fate as Spain's Popular Party, whose defeat was widely attributed to its support for war in Iraq and to the

* Our thanks to two anonymous referees for this journal for their helpful and constructive comments.

[1] Campbell Sharman, "The Representation of Small Parties and Independents in the Senate", *Australian Journal of Political Science*, Vol. 34 (1999), pp. 353-361.

[2] Mark Latham, *The Latham Diaries* (Melbourne, 2005).

associated increase in the threat of Islamic terrorism.[3] To be sure, Howard's choice of election date — one month before the United States presidential election — seemed timed to avoid any adverse consequences if George W. Bush was defeated.

While the 2004 election did not display the emphasis on border security seen in the 2001 election, nor did it see a return to the almost exclusive focus on economic issues which characterised federal elections prior to 2001.[4] The 2004 election included an unusual and potentially volatile mix of political leaders, one older and experienced, one younger and relatively inexperienced; foreign and defence policy, including Iraq; and traditional domestic issues such as economic management, health and education. In this article we use the 2004 Australian Election Study survey to examine the importance of these factors in shaping the outcome of the election.[5]

The Campaign and the Result

During the election campaign, the Coalition was consistently ahead of Labor in the polls, but in the period before the campaign there was considerable volatility. Following the November 2001 election, the Coalition led Labor in the polls consistently — sometimes substantially — until March 2003, when Labor took the lead until September that year. By September 2003, the Coalition was again in the lead. In the months leading up to the election announcement on 29 August, the parties reversed position several times: in March Labor gained the lead, only to lose it in May (Figure 1). Thereafter, Labor trailed the Coalition up until the election, except for one poll in early August. Indeed, during the course of the election campaign, the Coalition's lead over Labor widened considerably. Of the minor parties, the Greens averaged between 5 and 7 per cent of the first preference vote, while the Democrats averaged between 1 and 2 per cent.

Who changed their vote between the 2001 and 2004 elections? Of those who voted in both elections, 78 per cent voted for the same party on both occasions, a level similar to recent federal elections. Table 1 shows that the highest rate of vote retention between the two elections occurred for the Coalition, where 85 per cent voted the same way in both elections, followed by Labor, with 79 per cent, and the Greens with 65 per cent.

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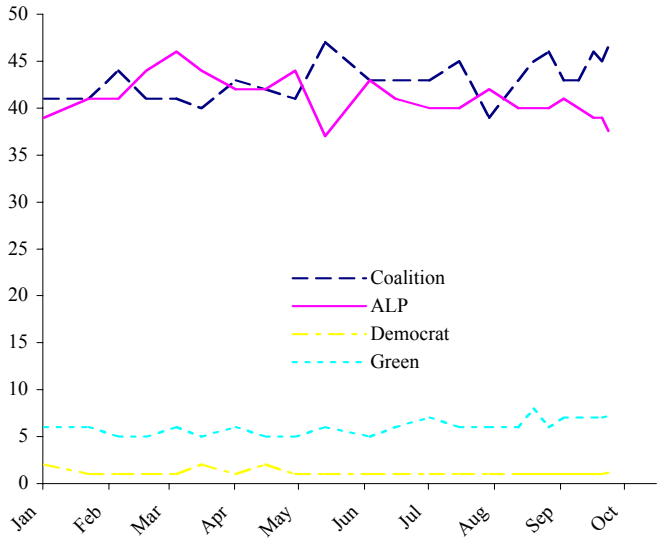
[3] The issue of an increased terrorist threat gained media prominence when the Federal Police Commissioner, Mick Keelty, in answer to a question about the March 2004 Madrid bombing, said: "The reality is, if this turns out to be Islamic extremists responsible for the bombing in Spain, it's more likely to be linked to the position that Spain and other allies took on issues such as Iraq war" (*The Australian*, 15 March 2004). John Howard rejected the view that the terrorist threat had increased as a result of Australia's participation in the war, commenting that it was "not a conclusion" that he would have reached.

[4] Ian McAllister, "Border Protection, the 2001 Australian Election and the Coalition Victory",' *Australian Journal of Political Science*, Vol. 38 (2003), pp. 445-464.; and Ian McAllister and Clive Bean, "The Electoral Politics of Economic Reform in Australia: The 1998 Election", *Australian Journal of Political Science*, Vol. 35 (2000), pp. 383-399.

[5] Clive Bean, Ian McAllister, Rachel Gibson and David Gow, *Australian Election Study, 2004: User's Guide for the Machine-readable Data File* (Canberra, 2005). The AES is a national survey of political attitudes and behaviour using a self-completion questionnaire posted to respondents the day before the election which was held on Saturday 9 October. It was based on a systematic random sample stratified by state of enrolled voters throughout Australia, drawn by the Australian Electoral Commission. Non-respondents were sent several follow-up mailings in an effort to boost the response rate and the final sample size was 1,769, representing a response rate of 45 per cent. The study was funded by the Australian Research Council and the fieldwork was managed by the Australian Social Science Data Archive at the Australian National University.

Figure 1: Voting Intention, January-October 2004



Source: <http://www.newspoll.com.au>.

Not surprisingly given the turmoil within the party, only 15 per cent of Democrat voters in 2001 voted for the party again in 2004. And among those who were too young to vote in 2001, the Coalition gained 35 per cent of their votes, Labor 39 per cent, and the Greens 17 per cent.

Table 1: The Turnover of the House of Representatives' Vote, 2001-2004

	2001 Vote					
	Lab	Lib-Nat	Dem	Green	Others	Non-voter
2004 Vote						
Lab	79	10	30	22	19	39
Lib-Nat	11	85	26	10	33	35
Dem	1	0.5	15	0	0	3
Green	6	2	21	65	10	17
Others	3	3	8	3	38	6
Total	100	100	100	100	100	100
(N)	(614)	(769)	(69)	(77)	(38)	(71)

"In the federal election for the House of Representatives on Saturday 9 October, which party did you vote for first in the House of Representatives?" "In the last federal election in November 2001, when Labor was led by Kim Beazley and the Liberals by John Howard, which party got your first preference then in the House of Representatives election?" Source: 2004 Australian Election Study.

The patterns of defections between the two elections show that, as in 2001, Labor suffered two sets of defections, first to the Coalition (losing 11 per cent of their 2001 vote) and to the Greens (losing 6 percent). The main leakage in the Coalition vote was to Labor (10 per cent). These patterns are remarkably similar to those of 2001, when Labor also suffered defections to the Coalition on the one side, and the Greens and

Democrats on the other. While the demise of the Democrats as an electoral force reduced the leakage to the minor parties, more former Labor voters defected to the Coalition in 2004 than did so in 2001 (11 per cent compared to 7 per cent).

Table 2: The Main Election Issues

	First and second mentioned issues (change from 2001 in parentheses)		Party closest to own view			
	First	Second	Labor	Coalition	No diff, don't know	(Labor-Coalition)
Health, Medicare	30 (+14)	22 (+2)	44	37	19	(+7)
Taxation	16 (0)	11 (+2)	27	42	31	(-15)
Education	15 (-2)	17 (+1)	44	35	21	(+9)
Interest rates	9 (na)	9 (na)	18	46	36	(-28)
Environment	6 (+2)	8 (+2)	35	28	37	(+7)
Defence, national security	6 (0)	8 (+2)	21	49	30	(-28)
Terrorism	5 (0)	7 (+1)	19	45	36	(-26)
War in Iraq	4 (na)	4 (na)	31	42	27	(-11)
Refugees, asylum seekers	3 (-10)	4 (-8)	22	36	42	(-14)
Others	6	10				
Total	100	100				
(N)	(1,677)	(1,646)				

"Still thinking about the same 12 issues, which of these issues was most important to you and your family during the election campaign? And which next?" "Still thinking about these same issues, which policies — the Labor Party's or the Liberal-National coalition's — would you say come closest to your own views on each of these issues?" Sources: 2001, 2004 Australian Election Studies.

The two main policy areas that dominated the parties' campaigning were economic management and international security. Returning to the pattern of pre-2001 elections, the economy was the main campaign battleground, with health and education being emphasized by Labor, and taxation, interest rates and effective economic management by the Coalition. Since the late 1980s, there has been a steady fall in the proportion of voters favouring tax cuts over extra spending on social infrastructure; significantly, this trend has continued regardless of which party is in government[6] and making them the centrepiece of Labor's campaign should have delivered them a substantial advantage. Although security concerns were discussed periodically during the campaign, they

[6] Shaun Wilson and Trevor Breusch, "After the Tax Revolt: Why Medicare Matters More to Middle Australia", *Australian Journal of Social Issues*, Vol. 39 (2004), pp. 99-116.

were never the central election issue they had been in 2001 in the wake of the September 11 attacks in the US and the asylum-seeker crisis.[7]

There is little doubt about what issue voters considered to be dominant in the election: 30 per cent mentioned "health and Medicare" as their first choice, and a further 22 per cent mentioned it as their second (Table 2). This represents a 14 percentage point increase in the first ranked issue from 2001. Taxation ranked second, with 16 per cent mentioning it, followed by education (15 per cent) and interest rates (9 per cent). Issues concerned with security were mentioned much less frequently by voters; just 6 per cent mentioned defence and national security, and 5 per cent terrorism as their top priorities, and just 4 per cent the war in Iraq. In contrast to the 2001 election, when 13 per cent mentioned refugees and asylum seekers, only 3 per cent saw this as important in 2004. In principle, the emphasis on health and education during the campaign should have aided Labor, but did it?

Labor has consistently enjoyed a considerable advantage over the Coalition on health, education and social welfare issues in general. Indeed, 44 per cent of the voters considered Labor to be the closest party to their views on health, compared to 37 per cent who opted for the Coalition. The Coalition had the largest advantage on interest rates and defence and national security (28 per cent each), followed by terrorism (26 per cent). Clearly some issues mattered more than others in shaping the overall result, either because of their importance to voters, or because of the gap between the parties. Multiplying rank by party advantage[8] suggests that Labor gained 2.1 per cent of the vote from health and Medicare, 1.4 per cent from education, and had a slight advantage (0.4 per cent) on the environment. On the other side of the equation, Labor lost votes on the other issues, notably on taxation and interest rates (2.4 and 2.5 per cent, respectively). Measured across all of the issues, the Coalition had an advantage over Labor of almost 5 per cent.

These results suggest that voters considered health and Medicare to be the major issue of the campaign — hardly a surprise. However, of more note is the low ranking given by voters to interest rates, which was mentioned by just 9 per cent of voters, and to the Iraq War. The fear of increased interest rates was viewed by the Coalition as its best defence against Labor's accusation of declining expenditure on social infrastructure, and while the Coalition had a major advantage on the issue, its overall impact was negligible.[9] Similarly, the Iraq War and the associated issue of "trust in government" was considered by Labor to be a voter winner. The results shown here suggest otherwise; not only was it mentioned by less than one in 20 voters, Labor in fact had a 11 percentage point disadvantage relative to the Coalition on the issue.[10]

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[7] See McAllister, "Border Protection". Early in the 2004 campaign, on 9 September, it appeared that this election might follow the pattern of 2001 when a car bomb outside the Australian Embassy in the Indonesian capital, Jakarta, killed nine people, albeit none of them Australian. Both major parties halted campaigning in respect for those killed. However, there were no further attacks.

[8] The calculation is made by multiplying the party advantage on the issue (expressed as a percentage) by the rank, expressed as per cent mentions/100. For example, health and Medicare was mentioned by 30 per cent at their first priority, and Labor enjoyed a 7 per cent advantage on the issue. The calculation is, therefore, 30 * 0.07 = 2.1.

[9] As we would expect, home owners paying off their mortgages were more concerned about interest rates. Among this group, 28 per cent were "very worried" about an increase in interest rates, compared to 10 per cent among home owners who had paid off their mortgages.

[10] The calculations in this section are of course preliminary in nature because they do not take into account the confounding effects of other variables. In the penultimate section of the paper we examine the electoral impact of these issues in more detail.

The Party Leaders

The popularity of the leaders represents a party's single most important resource in an election campaign. The emphasis on leadership has been especially pronounced in parliamentary systems, where the promotion of leader images during national election campaigns is now as prominent — perhaps even more prominent — than party symbols, and governments are routinely named after their leaders, not their party.[11] This has led some to argue that the Westminster system is converging with its presidential counterpart so that prime ministers possess personal mandates, which they can use to bypass any policy limitations that might be imposed by their respective parties.[12] A dramatic recent example was the commitment of troops to Iraq by Australia and Britain, largely as a consequence of their respective prime ministers' personal commitment to the US President, George W. Bush.

The personalization of politics has progressed at least as far in Australia as elsewhere, and the leaders have featured ever more prominently in each successive election.[13] The importance of leadership in shaping electoral outcomes gave the Liberals a distinct advantage in John Howard, who had remained remarkably popular since winning the 1996 election. In almost all cases, once a leader is elected by the party, their popularity declines, the only question being how rapidly the decline takes place.[14] The decline in Howard's popularity has been slower than most, and is similar to that of Bob Hawke between 1983 and 1991, when a gradual decline was arrested by three successive election wins.

By contrast, Labor had three leaders between the 1996 and the 2004 elections: Kim Beazley, who lost the 1998 and 2001 elections; Simon Crean, who experienced some of the lowest approval ratings ever recorded for a Labor leader, between 2001 and 2003; and Mark Latham, who replaced Crean in December 2003, narrowly defeating Kim Beazley in caucus by 47 votes to 45. Latham represented a distinct contrast to Howard.[15] At the age of forty-three, Latham had only ten years of parliamentary experience behind him (none of them in ministerial office), while Howard, at the age of sixty-five, had thirty years in parliament, eight of them as prime minister. *Prima facie*, the contrast between the two leaders could hardly have been greater.

Howard's popularity was evident in the responses to questions about the leaders in the 2004 AES. When asked to rate the leaders on a zero to 10 scale, Howard had a mean of 5.7 (compared to 5.6 in 2001), while Latham had a mean of 5.0. However, the apparently small difference between the two leaders does not convey the ambivalence many voters felt about Latham. Figure 2 shows the distribution of responses for the two leaders, rescaled to reflect like/dislike and neutrality. Both leaders were disliked in roughly the same proportions, but as a new leader, almost one in three voters were neutral about Latham and just 12 per cent strongly liked him. By contrast, Howard, a

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[11] Ian McAllister, "The Personalization of Politics" in Russell J. Dalton and Hans-Dieter Klingemann, eds, *Oxford Handbook of Political Behavior* (Oxford, 2007).

[12] See Anthony Mughan, *Media and the Presidentialization of Parliamentary Elections* (London, 2000); and T. Poguntke and P. Webb, eds, *The Presidentialization of Politics in Democratic Societies* (Oxford, 2005).

[13] This emphasis on leadership is true at the level of Australian state as well as federal politics.

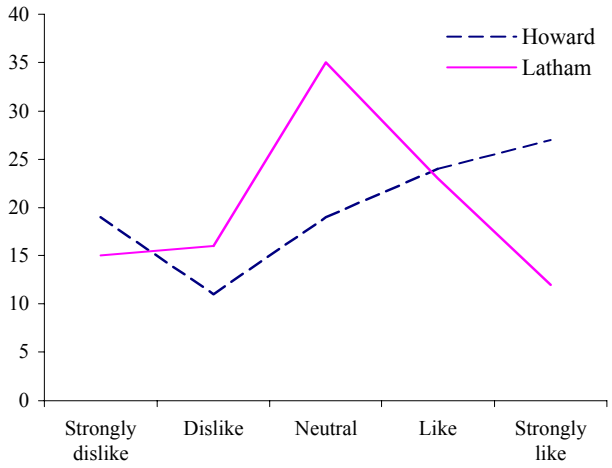
[14] Ian McAllister, "Prime Ministers, Opposition Leaders and Government Popularity in Australia", *Australian Journal of Political Science*, Vol. 38 (2003), pp. 259-77.

[15] David Adams, "The Leadership Contest" in Marian Simms and John Warhurst, eds, *Mortgage Nation: The 2004 Australian Election* (Bentley, 2005).

familiar personality to almost all voters, attracted strong positive responses from more than one in four voters, with just one in five expressing neutrality.

Of the other leaders, John Anderson, the Nationals' leader, had a mean rating of 5.2 on the zero to 10 scale, a slight increase over his rating in 2001 of 4.9. The least popular leaders were Bob Brown, the Green's leader, and Andrew Bartlett, the Democrats' leader, both of whom attracted a mean rating of 4.0. In the case of Brown, this represented a decline from 4.4 in 2001. Bartlett, who had replaced Natasha Stott-Despoja as Democrat leader in October 2002, had been forced temporarily to stand aside in December 2003 following a drunken incident in Parliament, which was captured on camera. This clearly contributed to his low rating; in 2001, Stott-Despoja's rating had been 5.0. Finally, Peter Costello, although not a party leader, had long been considered Howard's heir apparent; he secured a mean rating of 4.7 in 2004, improving on the mean of 4.3 that he attracted in 2001.[16]

Figure 2: How Voters Rated Howard and Latham



"Again using a scale from 0 to 10, please show how much you like or dislike the party leaders. Again, if you don't know much about them, you should give them a rating of 5." Codes are strongly dislike (0, 1), dislike (2, 3), neutral (4, 5, 6), like (7, 8), strongly like (9, 10).
Source: 2004 Australian Election Study.

Both Howard and Latham campaigned effectively during the campaign, though it was alleged after the election that Latham had developed policy without consulting colleagues. More serious, and unlike previous Labor leaders, he had made little attempt to connect with financial and business interests. [17] In the traditional televised leaders' debate, which was held four weeks before polling day, voters believed that Latham had won; the AES found that of those who watched the debate, 42 per cent thought Lanthan had won, 26 per cent Howard, and the remaining 32 per cent that it had been a draw. However, only 35 per cent of voters said that they watched the debate, in line with a

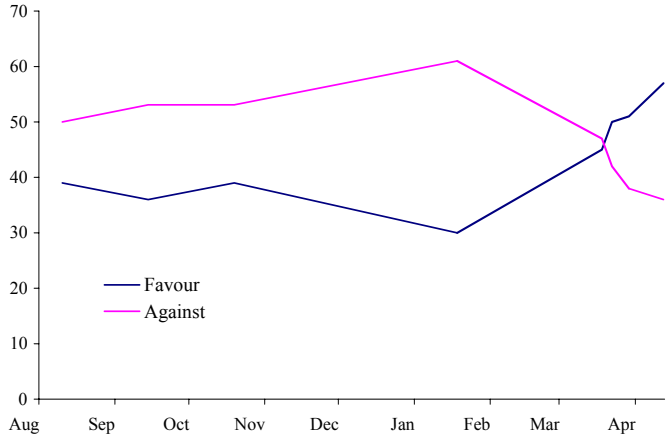
[16] Comparing Howard and Latham on leadership qualities shows a distinct advantage for Howard, being rated ahead of Latham on six of the eight qualities, on most of them by large margins. The exceptions were compassion and honesty, where he scored more highly than Howard.
[17] Bernard Lagan, *Loner: Inside a Labor Tragedy* (Sydney, 2005).

long-term decline in election interest.[18] Moreover, the debate had no tangible effect on the election outcome.[19]

The Iraq War

As soon as the possibility of a war in Iraq began to be discussed in 2002, public opinion was generally against, but when hostilities started — responding to the direct involvement of the Australian military in the conflict in what is termed a "rallying around the flag" event[20] — opinion shifted in favour of the war. Thus, the proportion opposed to the war peaked at 61 per cent in January 2003, and declined thereafter. Just days after the war had begun on 20 March 2003, those in favour outnumbered those against, by 50 to 42 per cent, for the first time (Figure 3). In the 2004 AES, a question about John Howard's handling of the war showed that 52 per cent approved of the war and 48 per cent disapproved (Table 3). After the cessation of hostilities, the failure to find weapons of mass destruction coupled with the insurgency against the United States' military occupation, meant opinions were evenly divided over whether the war had been worth it. In February 2004, 46 per cent said that the war had been worth it, with 45 per cent saying that it had not been worth it. By May, 40 per cent believed that the war had been worth it, and by the time of the federal election, Table 4 shows that the figure was 37 per cent.[21]

Figure 3: Support for the Iraq War, August 2002-April 2003



"Thinking now about Australia's involvement in military action against Iraq. Are you personally in favour or against Australian troops being involved in military action against Iraq?" Source: Newspoll.

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[18] In the 1990 federal election, the AES found that 56 per cent watched the Hawke-Peacock debate, and in 1998 and 2001 the Howard-Beazley debates attracted audiences of 43 and 40 per cent of the electorate, respectively.

[19] We initially included the debate in our preliminary analyses, but since it had no significant effect in shaping the election outcome, dropped it from our final analyses.

[20] John R. Lee, "Rallying Around the Flag", *Presidential Studies Quarterly*, Vol. 7 (1977), pp. 252-256; George C. Edwards and Tami Swenson, "Who Rallies? The Anatomy of a Rally Event", *Journal of Politics*, Vol. 59 (1997), pp. 200-212.

[21] The February and May 2004 figures are from *Newspoll*. Their question was: "Overall, do you think it was worth going to war in Iraq or not?" By December 2004, the proportion believing the war had been worthwhile had declined further, to 32 per cent.

The way in which the main partners in the "Coalition of the Willing" — the United States, Britain and Australia — reached the decision to go to war has fuelled much controversy, notably in Britain, but also in Australia. It has been alleged that the decision was taken without due consideration of the facts, or a strong legal case to justify the use of force. Promoters of this view have pointed to the absence of a United Nations mandate for military action, the failure to find evidence of weapons of mass destruction, and circumstantial evidence that the political leaders decided to go to war soon after 9/11. The war's opponents interpreted these events as indicative of a lack of "truth in government", and saw it as undermining the trustworthiness of political leadership. Indeed, the issue of "truth in government" had been highlighted in August 2004, when forty-three retired senior defence and diplomatic officials accused Howard of "deception" over his military commitment to the Iraq war.[22]

Table 3: Attitudes to the Iraq War

Approve of Iraq War		Iraq War worth cost	
Strongly approve	17	Worth it	37
Approve	35	Not worth it	59
Disapprove	18	Don't know	4
Strongly disapprove	30	Total	100
Total	100	(N)	(1,704)
(N)	(1,728)		

"Now we want to ask you about the current war in Iraq. Do you approve or disapprove of the way John Howard handled the war in Iraq?" "Taking everything into account, do you think the war in Iraq has been worth the cost or not?" Source 2004 Australian Election Study.

Did the events surrounding the Iraq War directly influence the outcome of the election? The evidence suggests that any direct effects were small, largely because the issue was not highly ranked by voters. The results presented earlier in Table 2 showed that just 4 per cent of voters identified Iraq as their main election issue, making it the eighth ranked issue overall. However, among this small group, the overwhelming view, expressed by 82 per cent, was opposition to the war. In other words, relatively few voters cared about Iraq, compared to the other elections, but if they did care it was because they opposed the war on moral grounds.

Did the Iraq War have any indirect effects on the election outcome, by influencing voters' perceptions of Howard as a trustworthy leader? Once again, the evidence suggests that the impact was negligible, but it is possible to detect the effects of Iraq on how voters perceived Howard. In both the 2001 and 2004 AES surveys, the respondents were asked how well eight qualities fitted the two party leaders. The first part of Table 4 shows how well voters thought these qualities applied to Howard in the two elections. In line with the increase in Howard's overall approval rating between the two elections, six out of the ten qualities show an increase, most notably "strong leader" (an increase of 13 percentage points) and "inspiring" (8 points). By contrast, mentions of two qualities declined: "honest", by 10 percentage points, and "trustworthy", by 8 percentage points.

[22] *The Age*, 9 August 2003. Howard used the issue of trust to focus on Latham's inexperience on economic management by stating at the outset that the election "will be about trust. Who do you trust to keep the economy strong and protect family living standards? Who do you trust to keep interest rates low?", *The Australian*, 30 August 2004.

The second part of Table 4 relates mentions of these qualities to views about the Iraq War. As we would expect, those who disapproved of the war gave Howard lower ratings on all of the qualities. However, once again, the greatest differences emerge on those qualities directly related to trust and honesty. The largest division of opinion concerns whether or not Howard was "trustworthy", with 73 per cent of those who approved of the war taking this view, compared to just 15 per cent of those who opposed the war. By contrast, qualities such as "intelligent" or "knowledgeable" produce much smaller differences between the two groups. It would appear, then, that divisions among voters over the Iraq War may well have had some impact on the election, both directly on the vote, and via Howard's popularity. We examine this in more detail in the penultimate section.

Table 4: Howard's Qualities and Views of the Iraq War

	Per cent say fits "extremely" or "quite" well			View of Iraq War (per cent)		
	2001	2004	(Diff)	Approve	Disapprove	(Diff)
"Intelligent"	82	88	+6	96	78	(-18)
"Strong leader"	72	85	+13	94	73	(-21)
"Knowledgeable"	78	82	+4	93	69	(-24)
"Sensible"	74	74	0	93	55	(-38)
"Compassionate"	54	55	+1	81	26	(-55)
"Honest"	55	45	-10	72	16	(-56)
"Trustworthy"	50	45	-5	73	15	(-58)
"Inspiring"	35	43	+8	67	17	(-48)

"Here is a list of words and phrases people use to describe party leaders. Thinking first about John Howard, in your opinion how well does each of these describe him — extremely well, quite well, not too well or not well at all?"

Source: 2004 Australian Election Study.

Economic Performance

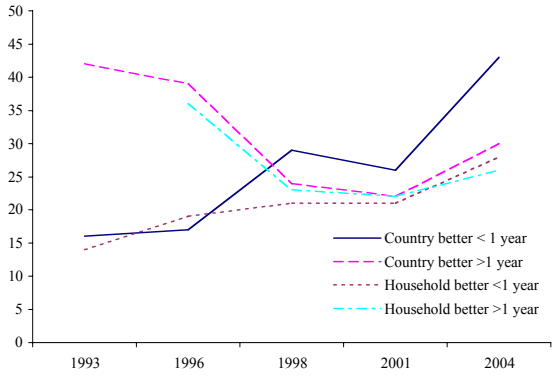
Since the early 1990s, Australia has experienced sustained and uninterrupted economic growth which was relatively unaffected by the 1997-98 Asian economic crisis or the global economic downturn in 2001. Unemployment, inflation, and interest rates have all been at historic lows, and economic growth has averaged over 4 per cent per annum, the highest in the OECD. One explanation for this enviable record is the economic management of Peter Costello, who has presided over nine successive budgets.[23] But the Liberal government also profited from wider economic circumstances, notably — and paradoxically — Australia's dependence on "old" industries. Without a significant technology sector, Australia was insulated from the consequences of the sector's collapse in the late 1990s, while its dependence on

[23] The economy has also benefited from the fundamental reforms carried out by the Hawke and Keating Labor governments between 1983 and 1996, notably in labour market deregulation and the reduction of trade tariffs.

commodity exports has fuelled economic growth as the world market for raw materials has boomed.[24]

How has public opinion responded to one of the longest period of sustained economic growth in Australia's history? Public opinion towards economic performance has three separate dimensions: judgements about the household economy versus that of the country; the timescale involved in the judgement, either retrospective or prospective; and identifying who is responsible for economic performance. In the case of the latter dimension, majority party government in Australia means that it is always clear which party is responsible for economic performance, so it is not examined here).[25] Figure 4 therefore examines the first two of these dimensions: the type of economic judgement and the timescale.

Figure 4: Retrospective and Prospective Economic Evaluations, 1993-2004



"How does the financial situation of your household now compare with what it was 12 months ago?" "And how do you think the general economic situation in Australia now compares with what it was 12 months ago?" "Compared to now, what do you think the financial situation of your household will be in 12 months time?" "And what do you think the general economic situation in Australia as a whole will be in 12 months time?" Source: 1993-2004 AES.

The most notable trend in Figure 4 is an almost linear increase in the proportions viewing the previous year positively for the country. In 1996, 17 per cent took this view; in 2004, the figure was 43 per cent, a significant and important increase. While the country's economic performance is regarded more positively than that of the person's own household economy, the trends between 2001 and 2004 show an increase here as well, after the low points of 1998 and 2001. Clearly, many voters felt that while the economy was performing well during the 1990s, their individual economic circumstances were not keeping pace; since 2001, individual economic circumstances have also begun to improve.

Labor attacked the Coalition's economic record on the grounds that they had not improved basic social infrastructure, in the form of health services, schools and universities. Such an appeal clearly resonated with voters. Table 5 shows that in each

[24] Agriculture and raw materials account for over half of all exports, and Australia now exports more to China than to the US. Over the past five years exports to China have increased by 150 per cent, while those to the rest of the world have gone up by just 20 per cent (*Economist*, 14 October 2004).

[25] Donald R. Kinder and D. Roderick Kiewiet, "Sociotropic Politics: The American Case", *British Journal of Political Science*, Vol. 11 (1981), pp. 129-61; Michael S. Lewis-Beck, *Economics and Elections* (Ann Arbor, MI, 1988). This question mainly applies to countries where attribution is more difficult, for example if there is a rapid turnover in government, or a coalition government.

of the last three elections won by the Coalition, a majority believed that health services had declined, with only one in eight believing that they had improved. The situation with education was less problematic for the Coalition, but even here, opinion in 2004 was evenly divided on whether conditions had merely stayed the same or declined, with few seeing any improvement since the previous election. In principle, economic policies emphasising social infrastructure spending should have delivered Labor a significant electoral advantage.

Table 5: Beliefs About Health, Education and Economic Security

	1998	2001	2004
Health since previous election			
Increased	12	13	12
Stayed same	25	33	28
Declined	63	54	60
Education since previous election			
Increased	11	12	12
Stayed same	39	41	44
Declined	50	47	44
Concern about interest rates			
Very worried	na	na	18
Quite worried			31
Not very worried			34
Not at all worried			17
Economic security			
Very worried	26	24	15
Somewhat worried	38	38	34
Not at all worried	36	38	51

"Thinking back to the Federal election in [1998: 1996; 2001: 1998; 2004: 2001] when John Howard won against [1998: Paul Keating; 2001, 2004: Kim Beazley], would you say that since then the following have increased or fallen? The standard of health services. The quality of education." "Thinking about interest rates on home loans and personal loans, how worried are you about increases in interest rates for your personal finances?" "How worried are you that in the next twelve months you or someone else in your household might be out of work and looking for a job for any reason?"

Sources 1998-2004 Australian Election Studies.

The Coalition countered Labor's economic policies by arguing that the major spending envisaged by a Labor government would inevitably see interest rates increase. Again, this issue resonated with the many voters, some of whom had borrowed heavily to finance home ownership. In 2004, 49 per cent said that they were worried about interest rates increasing — nearly one in five saying they were "very worried" — but among those who were paying off mortgages, the figure was a substantial 67 per cent. There was, however, some inkling of how economic prosperity was benefiting voters: Table 6 also shows that the proportion of voters who said that they were worried about economic security had declined consistently since 1998, and for the first time, a majority said that they were "not at all worried" about the issue. The solid long-term performance of the economy was therefore a major electoral advantage for the Coalition.

Evaluating the Explanations

We have, then, four groups of factors which in principle could have influenced the outcome of the 2004 federal election. The first group, the issues discussed during the election, mainly covers social infrastructure such as health and education. The second includes the ratings accorded to the major party leaders by voters, while the third factor is the war in Iraq and the associated issue of "truth in government". Finally, there are perceptions of economic performance, and its consequences for the household economy and for personal economic security. Table 6 shows the relative importance of each of these four groups of factors in predicting defection from the major parties. In the case of the Coalition, defection is mainly to Labor, with a small proportion going to the Greens. However, because defections from Labor were effectively split — to the Coalition, and to the Greens, with each defection likely to have different causes — they are treated separately in Table 6.[26] In addition, the model controls for partisanship.[27]

As in previous federal elections, views of the leaders proved to be the best predictor of defection. For those moving from the Coalition (mainly to Labor), a negative view of Howard was a stronger motivation to defect than a positive view of Latham. For those moving in the other direction, it was a positive view of Howard that was the major draw, rather than a negative view of Latham. An important conclusion from this is that Latham was not the electoral liability that many claimed — whatever the subsequent events. Many voters had simply not made up their minds about Latham, as they had with Howard, so his ability to motivate voters was much less important than Howard's.

The main election issues also did not cause any pattern of defection, with two important exceptions. First, among Labor supporters defecting to the Coalition, education was a significant factor, undoubtedly a reaction to Labor's policy of redistributing state funds from private schools to needy public schools; Labor even listed the private schools that would see their state funding reduced, a sure incentive for parents with children in those schools not to vote Labor.[28] Second, Labor voters defecting to the Greens were motivated by the environment and, more specifically, by timber logging in Tasmania. Labor's policy was to halt the practice and to commit

[26] The variables are scored as follows. The four issues are scored 1=not very important, 2=quite important, 3=very important. Leader ratings are scored from a low of zero to a high of 10. The leaders' debate is scored 1=Howard did much better, 2=Howard did somewhat better, 3=equal or didn't watch debate, 4=Latham did somewhat better, 5=Latham did much better. Iraq is scored 1=strongly disapprove, 2=disapprove, 3=approve, 4=strongly approve. The economic evaluation of the country and the economic evaluation of the household both combine retrospective and prospective judgements and are scored from a low of 1 (country/household doing very badly) to 5 (country/household doing very well). Social services declined combines two items measuring the standard of health services and the quality of education and is scored from a low of 1 (increased a lot since 2001) to a high of 5 (fallen a lot since 2001). Worried about interest rates is scored 1=not worried at all, 2=not very worried, 3=quite worried, 4=very worried.

[27] Preliminary analyses included a wide range of demographic (age, gender, birthplace) and socioeconomic (education, occupation, class identity) variables as controls, but since they made no substantive difference to the results, for parsimony they are excluded here.

[28] The 2004 AES found the public's views towards private schools somewhat contradictory. In response to the question "Private schools offer better education than public schools", 50 per cent agreed and 26 per cent disagreed, with the remaining 24 per cent say that they did not know. However, when asked "Public schools don't receive their fair share of the education budget", 63 per cent agreed, 16 per cent disagreed, and 21 per cent said that they did not know. Clearly, then, voters thought private schools provided a better education than public schools, but received an unfair share of government funding for doing so.

$800 million to retrain forestry workers for other jobs, bringing it into direct conflict with the Labor state government in Tasmania, as well as with the trade unions. But the policy did not stem defections to the Greens as it was intended to do. By contrast, the Liberal policy of applying more gradual restrictions proved to be more popular; the Liberal Party's reward was to win two of Tasmania's five seats from Labor.

Table 6: Predicting Major Party Defection

	From Coalition		From Lab to Coalition		From Lab to Green	
	Est	(SE)	Est	(SE)	Est	(SE)
Election issues						
Health	-.25	(.37)	.49	(.59)	-.09	(.55)
Education	.46	(.35)	1.11*	(.49)	-.34	(.55)
Interest rates	-.26	(.29)	.04	(.38)	.20	(.33)
Taxation	-.26	(.26)	-.09	(.39)	.08	(.33)
Environment	-.07	(.30)	-.76	(.44)	1.54*	(.66)
Leaders						
Howard	-.42**	(.08)	.63**	(.12)	.03	(.09)
Latham	.25**	(.07)	-.43**	(.11)	-.47**	(.10)
Brown	-.06	(.07)	-.15	(.12)	.36**	(.11)
Supports War in Iraq	-.49**	(.19)	.34	(.25)	-.50	(.35)
Economy						
Country performing well	-.07	(.25)	.56	(.43)	-.49	(.42)
Household performing well	-.65*	(.27)	.49	(.46)	.36	(.43)
Social services declined	.59*	(.25)	-.59*	(.25)	.16	(.28)
Worry about interest rates	-.22	(.18)	.53	(.28)	-.18	(.26)
Partisanship	-2.01**	(.33)	-1.81**	(.46)	-2.24	(.44)
Constant	3.06		-6.43		2.72	
Cox and Snell R-sq	.32		.35		.17	
(N)	(726)		(476)		(454)	

** statistically significant at p <.01, * p <.05.
Logistic regression analyses showing parameter estimates and standard errors predicting whether or not respondents changed their vote from their 2001 party to another party in 2004. Partisanship is Coalition = 1, else = 0 in the first equation, and Labor = 1, else = 0 in the second two equations.
Source: 2004 Australian Election Study.

Among the other factors underlying defection, the economy had some impact. Coalition supporters in 2001 who believed that social services had declined were much more likely to vote Labor in 2004, with a more minor effect for perceptions of their household economy performing poorly. Reflecting a period of sustained economic growth, the results are notable for the absence of any strong and consistent effects for the economy.

Contrary to general perceptions, views of the Iraq War had only a minor direct effect in shifting votes between the major parties, with the exception of Coalition supporters defecting to Labor. But what about an indirect effect? The war and the associated debate about 'truth in government' was very much associated with Howard's leadership. Critics of the war argued that Howard had taken Australia into an illegal war based on his personal friendship with the US President, George W. Bush,

and that he had obscured the intelligence evidence to obtain tacit consent from parliament for Australian military participation in Iraq; much the same criticisms were levelled against Tony Blair in Britain.[29] It is possible, then, that the issue of Iraq did shift votes, but that most of the impact of the war was indirect, via voters' opinions about Howard. This possibility is tested in Table 7, which presents the model specified in the earlier table, but disaggregated into three parts: model 1, which shows the base model without leaders; model 2, which adds ratings of Latham and Brown; and model 3, which adds the rating of Howard. The change in the value of the parameter estimates between the three equations shows the indirect effect of the war, via leadership effects.

Table 7: Defection from the Coalition and the "Iraq" Effect

	Model 1: No leaders		Model 2: Adding Latham, Brown		Model 3: Adding Howard	
	Est	(SE)	Est	(SE)	Est	(SE)
Election issues						
Health	.30	(.33)	.36	(.34)	.25	(.37)
Education	-.46	(.31)	-.29	(.33)	-.46	(.35)
Interest rates	.54*	(.26)	.46	(.27)	.26	(.29)
Taxation	.12	(.24)	.07	(.25)	.26	(.26)
Environment	-.04	(.26)	-.02	(.28)	.09	(.27)
Leaders						
Howard	na	na	na	na	-.42**	(.08)
Latham	na	na	.26**	(.07)	.25**	(.07)
Brown	na	na	-.01	(.06)	-.06	(.07)
Supports War in Iraq	-.92**	(.17)	-.78**	(.18)	-.49**	(.19)
Economy						
Country performing well	-.21	(.24)	-.32	(.24)	-.07	(.25)
Household performing well	-.65*	(.26)	-.64*	(.26)	-.65*	(.27)
Social services declined	.63**	(.23)	.61**	(.24)	.59*	(.25)
Worry about interest rates	-.11	(.17)	.18	(.18)	-.22	(.18)
Partisanship	-2.45**	(.31)	-2.25**	(.32)	-2.01**	(.33)
Constant	2.40		.84		3.06	
Cox and Snell R-sq	.27		.29		.32	
(N)	(726)		(726)		(726)	

** statistically significant at p <.01, * p <.05.
Logistic regression analyses showing parameter estimates and standard errors predicting whether or not respondents shifted their vote from their 2001 party to another party or party grouping.
Source 2004 Australian Election Study.

[29] Diana Coole, "Agency, Truth and Meaning, Judging the Hutton Report", *British Journal of Political Science*, Vol. 35 (2005), pp. 465-85; Ian McAllister, "A War Too Far: Bush, Iraq and the 2004 US Presidential Election", *Presidential Studies Quarterly*, Vol. 36 (2006), pp. 260-80.

There was clearly a strong indirect effect for the Iraq war. Views of the war had a strong direct effect on defection from the Coalition in the first model; indeed, with the exception of partisanship it is the strongest predictor of defection in the whole model, followed by concerns about declining social services.[30] With the addition of Latham and Brown into the second equation the effect of Iraq is slightly reduced; but its direct impact almost halves when Howard enters the equation in the third model. This is in contrast to most of the other effects; for example, the view that social services declined remains virtually unaltered by the addition of leadership.[31] It is not strictly true to say that Iraq had no effect on the outcome of the election: it had a modest direct effect, but its indirect effect was more substantial and mediated by the public's views of John Howard.

Conclusion

Many observers, not least within the Labor Party, regarded the 2001 election — with border security occupying centre stage — as an aberration; future elections, they argued, would return to the traditional battlegrounds of health and education. As a result of Labor being the clearly preferred party on these issues, the 2004 election would deliver them victory. Why did this scenario fail to eventuate? Two explanations that have been advanced are easily dismissed. Firstly, many in the Labor elite and within the media attributed Labor's defeat to the Coalition "scare" campaign on interest rates.[32] While our survey evidence shows that there was some voter concern about interest rates, it had no direct impact on the vote.[33] Secondly, many regarded Latham as an electoral liability. Again, the survey evidence suggests otherwise; while there was some voter ambivalence towards Latham — understandably given his relatively recent emergence on the national stage — he was not the electoral liability that his detractors subsequently claimed.

If the Coalition's campaign on interest rates and Latham's profile among voters can be dismissed as explanations, what, then, explains the Coalition victory? Firstly and most obviously, sustained national economic performance was a strong disincentive for many voters to risk a change of government. While the AES shows that some voters were worried about the decline in social infrastructure, our analyses are notable for the absence of any significant and uniform impact of the economy on the vote. Moreover, since 2001 there has been a strong view that both the household and national economies have been performing well, while feelings of economic security have increased. The second explanation is Howard's undoubted popularity among voters, which made him the single most important factor underlying Labor defections to the Coalition. Mark Latham could only have made significant inroads against a leader much less popular than Howard.

The caveat to this interpretation, as we have demonstrated, was the Iraq War. While the Coalition undoubtedly lost votes over Iraq, the effects were mediated via voters' evaluations of Howard himself who had become personally associated with the

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[30] This is measured by dividing each parameter estimate by its standard error. For the Iraq War this is 5.0 (.20 / .04 = 5.0). For the interest rates the ratio is 3.3 (.75 / .23).

[31] Interestingly the issue of interest rates is also similarly linked to perceptions of Howard, declining from a substantial effect to no significant effect at all when ratings of Howard are introduced in the third model.

[32] See, for example, *Australian Financial Review*, 23 March 2005; *The Australian*, 24 March 2005.

[33] See also Clive Bean and Ian McAllister, "Voting Behaviour: Not an Election of Interest (Rates)" in Simms and Warhurst, *Mortgage Nation*.

decision to go to war in Iraq. This close association emphasizes a more general conclusion from the election: the increasing personalization of politics in Australia, and in parliamentary systems more generally. With the decline of political parties and the predominant influence of the electronic media during campaigns, leaders have come to personify democratic conflict. Moreover, voters themselves prefer to hold a familiar personality accountable, rather than an abstract document or institution.[34]

The way in which major decisions over Australia's involvement in the Iraq War were taken represents a prime example of the presidentialisation of parliamentary systems, by which prime ministers act like presidents, arrogating executive power and policy responsibility from their parties.[35] Prime ministers now enjoy greater autonomy in policy-making because of their personalized mandate. Australia has moved at least as far in this direction as the other Westminster parliamentary democracies, judged by the operation of informal rules. As the personalization of politics gathers pace, we can expect to see demands for institutional reform to accommodate these new practices, in order to prevent the parliamentary system from being undermined by an undue emphasis on the personalities of the major party leaders, and a consequent weakening in the legitimacy of the parliamentary system itself.[36]

[34] McAllister, "The Personalization of Politics".

[35] Poguntke and Webb, *The Presidentialization of Politics*.

[36] One example has been calls for the direct election of the prime minister, see Bart Maddens and Stefaan Fiers, "The Direct PM Election and the Institutional Presidentialisation of Parliamentary Systems", *Electoral Studies*, Vol. 23 (2004), pp. 769-93. To date, this has been implemented only in Israel, between 1992 and 2001, but it has been considered in countries as diverse as Japan, the Netherlands and Italy.