1992 saw Labor under Paul Keating undergo a remarkable electoral revival. Rodney Cavalier argues that despite Fightback Mark II Labor continues to assume the policy high ground as the election looms.

This time last year Paul Keating was new to the office to which he had so long aspired. No-one has entered the prime ministership so well prepared for its intellectual challenges since the halcyon days of Gough Whitlam. From December 1991 Keating understood very clearly what he needed to do to recreate a winning combination of issues and voter blocs.

Every objective measurement dictated that the federal Labor government as it entered its tenth year was heading for a massive defeat. But politics is not about such neat objectivity. Keating understood that the Opposition has to position itself in favourable comparison to a faltering government. Keating believes he has witnessed the ALP (and especially federal Labor) blow near certain victory on more than one occasion. Losing elections unnecessarily is part of the mythology of the ALP, a mythology that was one of the most powerful influences on a young party member of the 1960s.

There is no matrix or formula by which a government loses office. Once it was believed that something less than full employment was electorally fatal. The 70s and 80s put paid to that fond notion. Nor, it appears, is there a 'shelf-life' to a government after which re-election becomes progressively more difficult. With a renewal of personnel and policies, plus a sympathetic electoral system, a government can continue indefinitely. John Major in Britain demonstrated that the mood for change is not irreversible. At the end of the 80s, a decade in which Labor had gained its most sustained period of electoral success at both state and federal levels, the principal rules for winning are twofold: first, maintaining control of the political agenda; and, second, avoiding financial or personal mishaps which might lend themselves to the appearance that ministers are tainted personally and/or that the government has lost the plot. Isolated governmental atrocities and episodic unpopularity matter only when their cumulative impact undermines credibility.

Although no previous federal opposition leader has been quite so inept as John Hewson, Keating has not been deluded that Hewson, with all his best efforts, alone could save the government (though there were times in 1992 when even Keating must have wondered whose side Hewson was on). The truth is that the repulsiveness of an opposition alternative has provided no relief when the incumbents have forfeited their credibility as governments; the repulsiveness of Greiner in NSW and Kennett in Victoria did not, in the end, matter a bit.

The Keating strategy for re-election has turned on an immediate and overwhelming demonstration of his mastery of the office of prime minister so that no one would seriously question that he was in charge of his Cabinet and that the Cabinet, in turn, was in control of the nation's affairs.

Keating has combined control of the agenda with a brief to reinstate confidence in the broad policy directions of the government. The tight budgetary policies of the 1980s have excluded the old-style electoral remedy of a grab-bag of goodies funded from the public purse. Keating has done as much as anyone to discredit that handy standby in difficult times, while Hewson's central philosophy has disbarred him from that recourse. Instead, government spending will go into infrastructure—big projects preferably, employing large numbers of people and injecting money for further spending. Essentially confident that the economic package of One Nation was going to come right, Keating has directed his mind and the attention of the media to non-economic questions, revealing that he wants to initiate debates on the fabric of the nation.

Even in a recession there are many non-economic preoccupations for the electorate and the interest groups which influence voting behaviour. (And, for all of the piety to the contrary, no government has ever been able to diminish the pre-eminence of interest groups in electoral politics.) Another means of translating the electoral impact of
unemployment of 11% is to deduct that number from 100. The resulting 89% or so who remain employed doubtless have real fears about their own security—and equally doubtless, the real numbers of unemployed are far greater than the official numbers. Nonetheless, people with economic security do have other concerns about public policies—education, health, environment, transport, Aboriginal Australia and law and order, for example—and they worry about the impact of those policies on their families and their own perceptions of the sort of society they want Australia to be. Their economic concerns, beyond jobs, are likely to include the climate for investment, interest rates, inflation and the certainty of policy direction.

Add to those employed the millions of full-time students over 18, the growing numbers of retired persons and those (mainly women) who prefer to work in their homes, and you have a very different portrait of political concern. A clever leader is aware that there are residues of idealism, a desire for stability and a preoccupation with family matters (curiously embracing those who are not part of a family). Addressing all those concerns has been one of Paul Keating's major achievements. The professional commentators entirely missed the point of his early comments about the meaning of the Kokoda Trail to modern Australia. In the best Labor tradition, Keating was not willing to accept the conservative definition of Australia's heritage. Kissing the soil at Kokoda was the beginning of a year of serious, non-histrionic questioning of the imperial heritage.

By the end of 1992, other serious debates were running concurrently on the future of the monarchy, the oath of allegiance and the flag. Keating was advocating a reorientation of trade and economic focus on Asia. The most remarkable aspect of the strategy was that the conservatives have been singularly unable to persuade electors that these mat-
A huge gulf has opened between the two parties in the technical expertise that their elected and machine leaders bring to their functions. No one in the modern Liberal Party has the chutzpah of a Sir John Carrick. The scheming rogues whose every bent is toward winning reside in the state and federal ALP machines, a goodly number of whom have graduated to federal parliament, especially the Senate. Every decision of federal Cabinet 'bents' from the hard-nosed realpolitik of the consideration of the electoral impact of even minor decisions.

In late 1992, when the opinion polls were capturing what the hardheads in both parties had been hearing for some time, there was a big push in Labor ranks for an early dissolution of parliament. Keating resisted. Apart from his own distinct doubts about the wisdom of such a course, he was fortified by the same hardheads. They applied some of the first principles of the electoral geography of Australia: Australia is an agglomeration of states and territories with an increasing tendency to vote according to regional predilection. It was remarkable, really, that anyone could contemplate an early poll given the ALP’s standing in Victoria, South Australia and Western Australia. Just as the implementation of Jeff Kennett’s policies in Victoria has lifted the ALP primary vote—very likely with a national spillover—so a state election in Western Australia can only assist federal Labor.

In an eerie reversal of the Whitlam experience, federal Labor has been undermined by the states—not hostile conservative state governments this time around, but rather the accrued disasters of financial management by state Labor governments. Time and a clear separation from localised disasters could only assist federal Labor. The one constant in these calculations was that Hewson was not going to alter Fightback. Not significantly. Not at all.

The private pressure on Hewson to remove the GST on food before Christmas was immense. Both the integrity of the package and its arithmetic depended on there being no exemptions. The very basis of Hewson’s bloodless accession to the leadership turned on his commitment to an express manifesto for the alternative government which would be the lodestar after victory. Never again, it was vowed, would Australia’s conservatives have to witness the Lost Opportunity with which they associate the Fraser years. Hewson’s election was the final triumph for the ideologues against the fix-it mentality of Menzies Liberalism. Hewson was 1950s Labor reborn.

Those raised inside the Labor Party have approached each general election in the sure and certain knowledge that the conservatives will say anything and do anything in order to be elected. Was a Hewson-led Coalition going to be different? Was it possible that Labor was going to receive its first forfeit since Federation because the conservatives had discovered a principle so important that it
The general election is once again wide open, it of his own philosophy tends to support the view overthrew the fundamentals of the academic ortho­

effect in the community is immediate and visible had savings plans based on continuous employment or contraction of the public sector? All those others jobs through structural adjustment to the economy private enterprise of the resourceful migrant who had given it a go? What, otherwise, distinguished this victim of the economic downturn from all those other migrants and native-born who had lost their jobs through structural adjustment to the economy or contraction of the public sector? All those others had savings plans based on continuous employment and they too faced the loss of their family homes. Hewson’s promises to reduce public spending might raise cheers in Liberal Party conferences, but the effect in the community is immediate and visible when previous levels of company and household incomes cannot sustain expenditure on either capital or consumption (for example, fruit from the local fruitshop). Keating PM has placed his faith in interven­
tionist and stimulatory policies. Apart from the individual relief those policies might have been providing, the government’s adherence to a philo­
sophy that governments were supposed to be helping people and communities in need was ex­actly the message that voters have wanted to hear. In an address to the National Press Club, Hewson overthrew the fundamentals of the academic ortho­
dosy which had brought him into politics and so far up the greasy pole. Now, he decided, compassion was king. His government was going to be one of reconstruction through intervention and pum­priming. The John Hewson who came forth that day was straight out of a Frank Capra classic from the 1930s, from a movie like Mr Deeds Comes to Town—that beguiling story about a man beset with sudden riches who resolves his difficulties by giving away all of the bounty.

Early voter reaction to Dr Hewson’s betrayal of his own philosophy tends to support the view that the less odious substance of the new Fightback! package is more important to voters than is the loss of credibility that Hewson has suffered personally. The general election is once again wide open, it appears. The polls reveal to anyone who still has not grasped the point that voters do not pause to exam­ine each set of economic statistics and mark the government accordingly. Trade figures or housing loan approvals, as columns in a newspaper, do not determine voting intentions. Hewson has lost to Keating on the score of personal credibility—even though Keating has shed several personas on his way to the top—and he has not been able to dent Keating’s control of the national agenda. Now he has gambled all on the voters being willing to try any alternative which has a whiff of caring. Keating knows that Labor must ratchet its primary vote in the states where it is floundering to give its local campaigners any chance of surviving.

Throughout 1992, one read a lot of commen­
tary to the effect that “Hewson was home and hosed but for his GST”. This trite observation overlooked that the GST was John Hewson and the post-Fraser Liberal Party. No less true is that the Keating government, bar the recession, would have been heading for a landslide. That an opposition so in­

tive in the race underscores the otherwise term­
inal economic difficulties for the government. That is politics and politics is not about might-have-beens. The government has still to overcome the penils of an economy at the mercy of interna­tional affairs. The opposition has to overcome itself. The coming months will sort out who possesses the credibility to convince a strategic spread of the electorate their party contains the answers. Both sides are now competing for the lofty ground of compassion and fairness. The early reaction to shedding the integrity of the GST was encouraging for the Coalition. The government has decided to come out of the trenches and leave it to Hewson’s own ineptitude to sink the Coalition’s prospects of recovery. In that atmosphere, the government should be able to prepare for its fifth term by shedding the lunatic aspects of free market economics. The op­position will not readily oppose such a course. Or will it?

RODNEY CAVALIER writes for the Financial Review. He was a senior minister in the 1976-88 NSW Labor government.

August Investments Managed Trust

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,000</td>
<td>$1,100</td>
<td>$1,200</td>
<td>$1,300</td>
<td>$1,400</td>
<td>$1,500</td>
</tr>
</tbody>
</table>

The AIM Trust is managed by Directed Financial Management Ltd ACN 003 188 930, which was established in 1984 to pool investor savings to create a more fair and sustainable society.

Investment can only be made on the application form bound into the lodged and registered prospectus dated 22nd September, 1992, available from: August Investments, Suite 66, Canberra Business Centre, Broadfield Street, Downer ACT 2602. Phone 008 021 22. Fax (06) 241 5284

The cumulative performance graphed is of the August Investments Trust (a private trust) until October 1989 when the August Investments Managed Trust was opened to public subscription.

FEBRUARY 1993 ALR 15