The Fall of the Liberal Party of Australia

Lessons for Malaysian liberals

Keith Leong

MALAYSIA
THINK TANK

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About the author

Keith Leong was born in Malacca but grew up in Damansara Jaya, graduating with a Bachelor of Arts (Distinction) in English and Sociology at the University of New South Wales, Sydney. In 2007, he was awarded an Endeavour Malaysia Award and returned to UNSW to complete an MA in Creative Writing. Keith still lives in Damansara and works as a Researcher at ISIS Malaysia.

The views expressed in this publication are those of the author and not those of the Malaysia Think Tank, its Advisory Board, International Advisors, or Executive Board.

Author's Preface

This is not an academic paper. Rather, it is an exercise on my part to note down some observations from my time in Australia.

I have quite probably made some factual errors and some of my contentions will doubtlessly be successfully, even easily, contested or disproved. The only excuse I can offer in this case is my eagerness to contribute to the growth of Malaysia's political culture and the expansion of its horizons beyond its currently narrow, racialist boundaries.

Keith Leong
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Executive Summary

Malaysians who subscribe to liberal ideology need to take cognizance of the defeat suffered by the Liberal Party of Australia in 2007. Long the premier conservative force in Australian politics, the Liberals, along with their ally, the National Party, are now in Opposition in all but one state.

The Liberals had the added indignity of having their leader, former Prime Minister John Howard defeated in his own seat. Debates are now rife over the viability of the Liberal brand. It can be said that part of the problems for the Liberal Party was that it was never able to reconcile its economic rationalist, socially conservative wing with the more moderate elements of their party.

The Liberal Party was founded in 1944 by Robert Menzies, who had previously served as Prime Minister of Australia under the United Australia Party (UAP). The Liberal Party had as its predecessors the UAP, the Nationalist Party and the Commonwealth Liberal Party.

The Commonwealth Liberal Party was a fusion of the Protectionist and Free Trade parties. The former was ironically more economically populist in their outlook than the latter.

The Nationalists and UAP in turn came about by mergers with Australian Labor Party defectors at various points in Australia's history over conscription and economic issues. Both the UAP and the Nationalist Party eventually formed an alliance with the Country (later National) Party which holds until this day as the "Coalition".

In reaction to the virtual decimation of the UAP in 1944, Menzies advocated the formation of a new anti-Labor party in Australia. The Liberal Party of Australia emerged out of a collection of the old UAP, as well as conservative women's, youth and business groups. Though conservative, Menzies expanded their ideology to also include the populist ethos of the earlier-era.

The Liberal Party (which continued its predecessor's Coalition with the Country / National party) won power in 1949 after Australians grew disillusioned by Labor's attempts to expand its socialist policies. Menzies enjoyed great success playing on the electorate's Cold War fears of communism. He also won support through his effective economic and welfare policies. His successors, however, fell out of touch with Australia's changing demographics and were defeated in 1972.

Returning to power under Malcolm Fraser in 1975, the Liberals then adopted a neoliberal, economic rationalist approach to governance. They also grew more socially conservative and traditionalist in their approach. Opposition to this led to their defeat in 1983.

In this period, the Liberals were badly divided and often changed leaders as a result of their repeated electoral defeats. There was a growing conflict between their social liberal and economic rationalist / socially conservative wings, which finally was resolved in favour of the latter when John Howard won office in 1996. Howard championed the 'Australian battlers' - mainstream Australians who felt alienated by the policies of the Labor Government.

Howard's conservatism eventually took its toll on the Liberals. His social conservatism alienated minorities and even some mainstream Australians. Howard's use of the 'War on Terror' and the issue of asylum seekers to gain political capital were widely seen as opportunistic.

Furthermore, his attempts to reform Australia's industrial relations cost him the support of the nation's working and middle-classes. His intolerance of ideological dissent in his party, as well as his refusal to hand power to Peter Costello, his long-serving deputy, led to the perception that Howard was only interested in staying in power, thus contributing to his defeat in 2007.

There are many lessons that Malaysian liberals can learn from the experience of their Australian counterparts, especially now that the country is experiencing some major political challenges.

Firstly, it is important for Malaysian liberals to build broad-based coalitions to pursue their agenda. One of Menzies' greatest successes was that he was able to forge a cohesive party out of disparate elements that was conservative but also progressive.

Secondly, when it comes to politics, the liberal agenda can only succeed by winning support from the centre. All of the Australian Liberals and their predecessors' victories, as well as defeats, were caused by them either capturing or being out of step with the sentiment of the electorate in the centre-ground. Pragmatism is essential in both campaigning and governing.

Thirdly, it is vital for a cohesive succession plan to be set in place. The Australian Liberal Party at several points in history, especially in Howard's era, suffered from the lack of this.

Finally, Malaysian liberals must remain united. The Australian Liberal Party splits in the 1980s did much to keep them out of power. Having said that, the need for unity should not negate the even greater requirement for intellectual and ideological independence. Howard's alienation of the social liberal wing in his party broke the broad coalition that Menzies formed. By insisting on a rigid, conservative doctrine, Howard split his party, and, worse, lost the support of the 'Aussie battlers' who had kept him in power for so long.

This case study of the Australian Liberal Party holds lessons for both social and economic liberals in Malaysia, especially if they want to become a potent political force, be it by working from within the various existing political parties or by setting up a new Malaysian Liberal Party.

Introduction

1. The year 2007 ended on a disastrous note for the Liberal Party of Australia. After being in government for almost 11 years, its federal parliamentary party was defeated by the Australian Labor Party led by Kevin Rudd.

2. Prime Minister John Howard also suffered the additional indignity of being defeated in his Parliamentary constituency of Bennelong. Furthermore, the Liberals are now in opposition in virtually all but one Australian state. Many are now questioning the very future of the party that has ruled Australia for almost 42 out of the 107 years since Federation[1].

3. The successes and failures of the Liberal Party of Australia hold important lessons for Malaysians who hold classical liberal ideas. Malaysian liberals need to take cognizance of the strengths and mistakes of their Australian colleagues in order to avoid making the same mistakes and completely discrediting the ideology.

4. The success of a distinct Liberal Party in Malaysia, if one was set up, or the dissemination of classical liberal ideas into the existing political parties will depend on Malaysian liberals being able to balance the economic rationalism and social liberalism that make up the ideology. It is the argument of this paper that the Liberal Party of Australia was never able to achieve this, which has led to its decline.

Background of the Liberal Party of Australia

1. The Liberal Party of Australia was founded in 1944 by Robert Menzies (1894-1978), who had served as Prime Minister of Australia from 1939-1941 under the United Australia Party (UAP). The UAP, and its ally in the Coalition, the Country Party, were defeated by the social democratic Labor in the Federal Elections of 1940 and 1943. Realising that a new conservative force was needed in Australian politics, Menzies began discussing the formation of a new party with remnants of the UAP and conservative civil society groups.

2. The UAP itself was created in 1931, after a group of MPs from Labor split with their party leadership over economic policy in regards to the Great Depression and joined the right-wing Nationalist Party of Australia. The Nationalist Party itself was an amalgamation of Labor rebels (the issue this time was over conscription during World War I) with the Commonwealth Liberal (or "Fusion") Party in 1917.

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[1] The federation of Australia was the process by which the six self-governing colonies of New South Wales, Queensland, South Australia, Tasmania, Victoria and Western Australia formed a federation on 1 January 1901.

3. This Commonwealth Liberal Party in turn came about as a result of a merger between the Protectionist and Free Trade Parties. These two parties, along with their Labor rival were instrumental in the Federation Movement of early 20th Century Australia. The Commonwealth Liberal Party had some notable successes in governing Australia, particularly through the famed Premier Alfred Deakin, and hence was the inspiration for Menzies' choice of name for his own party. The former party's own 'Liberal' title seems to have been derived from the Liberal Party of the United Kingdom's.

4. It should be noted here that the Protectionist Party was in fact more populist than the anti-socialist Free Traders. The latter were made up of business interests that were hostile to unions and had in fact initially opposed Federation out of economic reasons. The Protectionists pursued a socio-economic governance agenda that was opposed by the Free Traders as going too far towards the left and also by Labor at that time for not going far enough.

5. The Protectionists, under Deakin had originally governed Australia after Federation with Labor support. Labor, however, began to make more radical demands, which led Deakin to instead seek support from the Free Traders. Deakin was heavily criticised and eventually defeated for relying on such conservative support in order to retain power against the insurgent Labor Party.

6. By adopting the name 'Liberal', Menzies sought to incorporate not only the conservative elements in his group, but also the populist ethos of Deakin's party. It was therefore, not contradictory to him that his party, though conservative, should call themselves "Liberals".

7. It is obvious, from even this cursory survey of the history of the anti-Labor wing of Australian politics that the parties which led this cause have always been a eclectic mix of conservative politico-economic elements and moderates alienated at different points of time over Labor's approach in those areas.

8. Menzies' own party was a combination of remnants from the UAP, as well as influential conservative women's, youth and business groups. After being defeated by Labor in the 1946 Federal Elections, Menzies returned to power in 1949, holding office until 1963. His record as Australia's longest-serving Prime Minister is still unbroken. It would be good at this point, however, to break this narrative in order to briefly describe the structure of the Liberal Party.

The Structure of the Liberal Party of Australia

1. The Liberal Party of Australia is divided into two wings, namely the "Parliamentary" and "Organisational". The former is essentially the federal legislators of the Party, the leader of which serves as Prime Minister or Leader of the Opposition depending on whether the party is in or out of power. Similar structures exist in the state level.

2. The Organisational wing, on the other hand, represents the ordinary party members. It, in the party's own words: "*cannot dictate policy but consults with and advises the Parliamentary wing, particularly on the development of longer-term policies*"[2].

3. The Liberals are then divided into Divisions (one for each state and territory), which are then subdivided into branches. Each division has its own party organisation, and has power to lay "*down the rules of membership, election of office-bearers, pre-selection of candidates for both State and Federal Parliaments, and the policy advisory process*". The Liberals themselves describe this arrangement as a 'federation of Divisions'.

4. At the Federal Level, there is a Federal Secretariat, which "*provides professional support for both the Federal and State Organisations and the Parliamentary Party*", several committees (including a Federal Women's Committee and a Young Liberal Executive) and a Federal Council that is the "*highest forum for debating Federal policies*". The day-to-day running of the party's affairs between meetings of the Federal Council is taken by the Federal Executive, which is "*comprised of the Federal office bearers, the Divisional Presidents and the Federal Parliamentary Leadership Group*".

5. In practice, however, the Organisational wing of the Liberal Party is very much subordinate to the Parliamentary Party both in the state and federal levels. The Leaders of the Parliamentary party set their caucus's agenda and their tenure in office or actions are in no way formally influenced by the non-legislative section of the party. The Organizational wing, in fact tends only to be active around election time, where it acts as a mobilizing force for party members and groups aligned to the party.

6. The Liberals are active in all of Australia's states and territories except Queensland and the Northern Territory. The anti-Labor role in Queensland is traditionally taken by the National Party (with whom the Liberals rule as a Coalition when in power there and elsewhere), while a 'Country-Liberal Party' exists in the Northern Territory that is linked to both Federal parties. By 2007, the Liberal Party was forced into Opposition in all states and territories.

7. The Liberals are affiliated with the International Democrat Union (IDU), a conservative consortium of parties that counts the Conservative Parties of the UK and Canada, the Republican Party of the United States and the Kuomintang of Taiwan as members. It is also a regional member of the Asia-Pacific Democrat Union (APDU), which in addition to the conservative parties of that region is also made up of right-wing parties in the Americas and Russia.

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[2] The quotes in this section are from: http://www.liberal.org.au/about/ourstructure.php

Robert Menzies: The Liberal Legend

1. Robert Menzies[3] was re-elected Prime Minister for the second time in 1949. He had, as previously mentioned served as Prime Minister from 1939-1941 under the UAP. Menzies was unpopular during his first term due to difficulties with the Country Party (now known as the 'National Party') leader Sir Earle Page. Page then withdrew the Country Party from the Coalition with the Liberals, forcing Menzies to rule as a minority government. Page was later disposed by his party and the Country Party returned to the Coalition.

2. The UAP performed badly in the Federal Election of 1940, winning only 23 of 74 House of Representative seats available and had to resort to the support of 2 Independent MPs to stay in office. Menzies then spent several months in the UK, possibly hoping to be made a member of the Imperial War Cabinet that was to be formed in response to the outbreak of the Second World War. There was a perception amongst the Australian public that Menzies was more concerned with supporting Britain's war effort in Europe rather than defending Australia itself. He then stepped down shortly after returning to Australia when it was clear that his position was untenable.

3. Menzies second term in office (1949 – 1966) was far more successful. Labor attempted, after World War II, to nationalise several industries, including the banks. This was opposed by many Australians, who were beginning to be fearful of the threat that the Iron Curtain posed to the West. Riding on these Cold War-inspired fears, Menzies ran a campaign linking Labor to the Communist bloc, which succeeded.

4. Menzies stayed in power for almost 17 years. Part of his success was due to the divisions in Labor, which was struggling over its supposed 'infiltration' by the Communist Party of Australia. Menzies called a referendum in order to ban the Communist Party, but failed. Nevertheless, the Democratic Labor Party (DLP), an anti-communist Labor offshoot helped keep the Liberals in power through its preferences (Australia uses a preferential voting system). The Liberals also received support from Eastern European refugees, who were naturally suspicious of the socialist Labor.

5. In terms of foreign affairs, Menzies was still attached to the British Empire even in the face of growing American power. He nevertheless maintained the American alliance that was set in place by Labor during World War II. Menzies was also known to have opposed decolonization (defending, for instance the Apartheid system in South Africa) and was a strong proponent of the White Australia Policy. This however, was tempered by the fact that Australia began the

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[3] A detailed biography of Menzies can be found at:

http://primeministers.naa.gov.au/meetpm.asp?pmId=12

Colombo Plan (which allowed Asian students into the country) during Menzies' tenure and the military support his government gave Malaya during its Emergency.

6. Despite his capitalist underpinnings, Menzies continued the tradition of strong government intervention in the economy and welfare state, as per the Keynesian consensus that existed amongst Western states at the time. His government was also boosted by the prosperity and economic growth of the post-war years. Socially, Menzies' Australia was marked by conservatism and the dominance of Anglo-centric norms. This, however, was rapidly challenged by the country's changing demographics and increased immigration[4].

Menzies Successors

1. Robert Menzies resigned in 1966 and was replaced by Harold Holt. Holt expanded Menzies' commitment to the Vietnamese War. In 1967, however, Holt disappeared while snorkelling in Victoria and was presumed dead. His Deputy Prime Minister, John McEwan of the Country Party, briefly served as Prime Minister, before John Gorton was elected as Leader of the Liberal Party, and therefore Prime Minister

2. The choice of Gorton was controversial, as it was previously assumed that William McMahon, who was Treasurer and Deputy Leader of the Liberal Party, would succeed Holt. McMahon, however, was unpopular with the Liberal's ally in the Coalition, the Country Party, and so he withdrew from the contest.

3. Gorton's leadership ran into trouble due to his personal style and allegations of moral impropriety. He nevertheless demonstrated a fiercely independent streak, especially in relations to Australia's relationship with America and the UK. In 1971, Gorton was challenged by McMahon, but the subsequent leadership vote was virtually tied. For the sake of unity, Gorton resigned as leader and McMahon became Prime Minister. While history tends to remember Gorton as an unsuccessful leader, Liberal apologists credit a number of achievements to him, such as the ending of the White Australia Policy, though this has been disputed[5].

4. Australia's entanglement in the Vietnam War soon proved to be the undoing of McMahon. The War, along with the conscription that was necessary to fuel it, was extremely unpopular. There was also a growing concern as to the plight of Australia's Indigenous peoples and their agitation for land rights, despite a successful 1967 referendum to give them voting rights. Riding on these waves of

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[4] A summary of Menzies policies can be found at: http://www.australianhistory.org/robert-menzies.php

[5] See http://www.jcu.edu.au/aff/history/articles/brawley.htm

discontent, Gough Whitlam and the Labor Party defeated the Liberals in 1972, ending nearly 23 years of Coalition rule.

The Ideology of the Liberal Party up to the 1970s

1. The Liberals' principles during this period were very much shaped by Menzies. Describing his rationale for naming his party, Menzies said that *"We chose the word 'Liberal' because we want to be a progressive party, in no way conservative, in no way reactionary."*[6].

2. In practice, however, the Liberals were very much a socially and politically conservative force. They opposed the movement to turn Australia into a Republic, the call for an apology for the sufferings of the Aborigines and the changing social norms (normalisation of homosexuality, single parents, etc.) This has often put them at odds with certain sections of the Australian public, who see the Liberals' stances as going against the country's ethos for tolerance.

3. On the other hand, their strong emphasis on populism and traditional values won them support as Australians are also fiercely nationalistic. At different points in history, the Liberals were able to win popular support by portraying their opponents (usually Labor) as being out-of-touch with the mainstream populace and concentrating too much on sectional interests.

4. In a 1943 radio broadcast, Menzies articulated his approach in these words:

   Now the last thing that I want to do is to commence or take part in a false war of this kind. In a country like Australia the class war must always be a false war. But if we are to talk of classes, then the time has come to say something of the forgotten class - the middle class - those people who are constantly in danger of being ground between the upper and the nether millstones of the false class war; the middle class who, properly regarded, represent the backbone of this country....

   We offer no affront - on the contrary we have nothing but the warmest human compassion - toward those whom fate has compelled to live upon the bounty of the State, when we say that the greatest element in a strong people is a fierce independence of spirit. This is the only real freedom, and it has as its corollary a brave acceptance or unclouded individual responsibility. The moment a man seeks moral and intellectual refuge in the emotions of a crowd, he ceases to be a human being and becomes a cipher. The home spiritual so understood is not produced by lassitude or by dependence; it is produced by self-sacrifice, by frugality and saving....

   To all of this many of my friends will retort, "Ah, that's all very well, but when this war is over the levellers will have won the day." My answer is that, on the contrary, men will come out of this war as gloriously unequal in many things as when they

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[6] See http://www.abc.net.au/gnt/profiles/Transcripts/s1112458.htm

entered it. Much wealth will have been destroyed; inherited riches will be suspect; a fellowship of suffering if we really experience it, will have opened many hearts and perhaps closed many mouths. Many great edifices will have fallen and we shall be able to study foundations as never before, because war will have exposed them.

But I do not believe that we shall come out into the overlordship of an all-powerful State on whose benevolence we shall live, spineless and effortless - a State which will dole out bread and ideas with neatly regulated accuracy; where we shall all have our dividend without subscribing our capital; where the Government, that almost deity, will nurse us and rear us and maintain us and pension us and bury us; where we shall all be civil servants, and all presumably, since we are equal, heads of departments.

If the new world is to be a world of men, we must be not pallid and bloodless ghosts, but a community of people whose motto shall be, "To strive, to seek, to find, and not to yield". Individual enterprise must drive us forward. That does not mean that we are to return to the old and selfish notions of laissez-faire. The functions of the State will be much more than merely keeping the ring within which the competitors will fight. Our social and industrial obligations will be increased. There will be more law, not less; more control, not less. But what really happens to us will depend on how many people we have who are of the great and sober and dynamic middle-class - the strivers, the planners, the ambitious ones. We shall destroy them at our peril.[7]

5. Menzies, in this speech, was attacking the socialist and class-based approach of Labor. He was articulating his vision of Australia, one that was strongly individualistic in nature, but also possessing strong values and cohesion. Menzies also warned of the dangers of an omnipotent state, which he attributed to the excesses of Labor policy. Such an arrangement, to him, would lead to the middle-class 'forgotten people', as Menzies called them, being neglected and alienated from the national life.

6. To Menzies, the core of society should be families, free from government interference to achieve their fullest potential. It is also interesting to note that Menzies criticised the 'old and selfish notions of laissez-faire', and despite capitalistic support for his Government, his time in power was marked by strong government intervention in the economy.

7. While the Liberals were socially conservative, there was always a moderate or liberal wing of that party, who was put-off by Labor's socialist objectives or its supposed ties to communism. They hailed the 'compassionate' policies of the Menzies government, seeing it as a harkening back to the Commonwealth Liberal governments of the Federation era, which enacted similar measures.

8. John Howard, (Prime Minister from 1996 to 2007) who often invoked the legacy of Menzies, was similarly fond of alluding to 'the Australian people' or 'the

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[7] Taken from: http://home.vicnet.net.au/~victorp/part2a01.htm

battlers' (struggling citizens) when justifying his policies and attacking his rivals as being out-of-touch.

Return to Power and Discontent: Malcolm Fraser

1. After Whitlam was controversially sacked in 1975 by the Governor-General[8] of Australia, John Kerr, the Liberal leader Malcolm Fraser was appointed Prime Minister in his place. Fraser immediately called for an election, which he won and continued to lead Australia until 1983.

2. Fraser's policies were heavily influenced by economic rationalism in Australia, cutting back on Whitlam's programs which he felt were wasteful. University fees, for instance, were imposed upon tertiary students. Fraser's approach to economic policy can be summed-up by his aside that "Life was not meant to be easy". Many of his ministers, including the-then Treasurer John Howard drew inspiration from the Conservative government of Margaret Thatcher in the UK.

3. On the other hand, Fraser was surprisingly moderate in his foreign policy. He opposed apartheid in South Africa and played a major role in the transition to black-majority rule in Zimbabwe. Fraser also allowed increased Asian immigration into Australia, something Howard was uneasy with.

4. Despite these concessions, there was a growing cleave between the 'wet' or 'small-l' liberals (that is, to say, the social liberals) members of his party and those of the 'dry' (the economic rationalist, socially conservative) or 'Big-L' wing. The 'wets', were gradually sidelined by the 'dries', who often derided the former as being too soft-hearted[9].

5. By 1977, Don Chip, a former Liberal minister led a group of dissident members out of the party and formed the Australian Democrats. Promising to "keep the bastards honest"[10] (i.e., to provide a third-party alternative to both Labor and Liberals), the Democrats enjoyed some success before being decimated in 2007.

6. Growing unemployment rocked the credibility of Fraser's government. He was then further weakened by an unsuccessful leadership challenge by Andrew Peacock, a 'small-l' liberal minister who resigned from his cabinet.

7. Fraser then miscalculated his timing of the 1983 Federal Election. Hoping to pre-empt Labor before it elected Bob Hawke (who had been a popular trade union leader) as its leader, Fraser dissolved Parliament only to discover that the former has already been selected!

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[8] The Governor General is the Queen's representative in Australia, with reserve powers to appoint or dismiss Ministers.

[9] See Anne Henderson's article in http://www.thesydneyinstitute.com.au/downloads/SIQ33.pdf

[10] See: http://www.chipp.com.au/book/index.html

8. Fraser was heavily defeated by Hawke, beginning some thirteen years of Labor rule in Australia, one of the longest periods ever. This led to Fraser becoming estranged from the Liberals, with many blaming their long period out-of-office on his failures.

In the Wilderness

1. Fraser was subsequently replaced by Andrew Peacock as Leader of the Liberals. Peacock, however, failed to make much headway against Hawke's reenergised Labor government.

2. Hawke avoided the more overtly socialistic policies of his Labor predecessors, and also managed to obtain industrial discipline from the powerful trade unions through the famous Accord[11]. This shifted mainstream support away from the Liberal to Labor, which had shown that it could manage the economy effectively.

3. Hawke called an early election in 1984 and Peacock pulled off an upset by reducing Labor's majority in Parliament. Despite this, the Liberals grew impatient and replaced Peacock with Howard in 1985. Howard, who led the economic rationalist/social conservative wing of the Liberal Party, attempted to fight Labor on ethnic and cultural grounds. He opposed multiculturalism (which had taken root in the Australian identity) and the growing wave of Asian immigration into the country.

4. The Liberals were badly divided, however, and in their disarray, Queensland Premier Joh Bjelke-Petersen, who was a popular leader in the Liberal's coalition allies the National Party (as the Country Party called itself since 1982)launched a 'Joh for Canberra' campaign. This campaign, in essence called for the Nationals to break away from the Liberals and attempt to seize power alone, led by Bjelke-Petersen.

5. Bjelke-Petersen eventually failed to stand for a Federal seat, but the damage was done. Howard was heavily defeated in the 1987 elections, and was dropped in 1989. Peacock then resumed the leadership of the Liberal Party.

6. Peacock then led the Liberals into the 1990 federal elections. Due to Australia's economic decline in that period, Peacock was able to again reduce Hawke's majority in Parliament but still failed to form government. Peacock then resigned and was replaced by John Hewson, the Treasurer in the Shadow Cabinet.

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[11] The Prices and Incomes Accord was an agreement forged by Hawke's Government with the trade union movement on restriction of wage demands and minimisation of inflation and price rises.

Return to Power

1. Labor was in the meantime undergoing its own difficulties. Hawke had promised his own Treasurer, Paul Keating that he would step down after 1990. When Hawke failed to do so, Keating resigned from the frontbench and defeated Hawke in a leadership election in 1991.

2. Hewson, in the meantime attempted to exploit the unpopularity Australia's economic difficulties were causing the Government. In particular, he criticised Keating's characterisation that the downturn the country was facing as a "recession we had to have". Popular support swung towards the Liberals and many thought that the upcoming federal elections in 1993 were 'unloseable' for them.

3. A monetarist and Thatcherite, Hewson launched an economic manifesto called 'Fightback!' One of the more controversial provisions in this document was the introduction of the Goods and Services Tax (GST). This was unpopular and Hewson was forced to backtrack on certain provisions which only compounded the backlash against him. Against expectations, Labor and Keating won the 1993 elections.

4. Hewson stepped down in 1994 and was replaced by Alexander Downer. Downer then stepped aside for John Howard in 1995. Australia's economic difficulties, in the mean time, were making Keating increasingly unpopular (partially due to his infamous "recession we had to have" comment[12]). His own aloof personality did not help either. His championing of controversial social and constitutional issues, such as Native Title rights for the Aborigines and pushing for Australia to become a republic was seen as deeply divisive.

5. Howard on the other hand modified his controversial statements about multiculturalism and sought to emphasise the cultural commonalities of the "Australian People" (a phrase he would use many times in his career) versus its fragmentation under Labor. He also depicted himself as a champion of Australian "battlers", namely ordinary citizens struggling with the economic difficulties of the time and who felt disempowered by Keating's policies[13].

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[12] http://www.smh.com.au/news/National/The-prime-minister-we-had-to-have/2005/05/27/1117729901088.html

[13] A discussion of Howard's appropriation of Australian culture can be found at:
http://findarticles.com/p/articles/mi_hb6469/is_/ai_n29009012

The Howard Years

1. As a result of this, the Coalition swept back into power in the 1996 Federal Elections. Howard assumed the Prime Ministership, while his deputy Peter Costello became Treasurer. Like the Hawke-Keating scenario several years before, it was assumed that Costello would one day succeed Howard.

2. Howard embarked on an economic rationalist and socially conservative agenda. He allowed university fees (HECS) to rise and put into place reforms of the Medicare system. One of the greatest causes of discontent was his decision to impose the Goods and Services Tax (GST), which he had emphatically declared he would not do during the 1996 elections campaign.

3. Most controversially, Howard refused to issue an apology to Australia's Aboriginal communities, especially over the "Stolen Generations"[14] issue, claiming he did not want to perpetuate a "black armband" (i.e., apologetic) view of Australia's history. While conservative Australians backed him on the issue, this policy eventually turned many moderate Australian voters away.

4. This period incidentally also saw the controversial rise of Pauline Hanson, a Liberal member from Queensland who was sacked from the party after making anti-Asian remarks during the 1996 campaign, but who won her seat anyway as an Independent.

5. Hanson then caused worldwide controversy when she claimed in her maiden speech on 10 September 1996 to the House of Representatives that Australia was being "swamped" by immigrants, that Aboriginals were receiving preferential treatment and that "mainstream Australians" were victims of "reverse racism". While virtually all of the political parties in Australia (including the Liberals) condemned her remarks and agreed to cooperate against her new One Nation Party, many felt that John Howard did not go far enough in this regard and perhaps even secretly shared her views.

Consolidation of Power and the War on Terror

1. Due to the controversy over the GST and the Hanson issues, the Liberal/National Coalition suffered a large swing against them in the 1998 Federal Elections but managed to hold on to power. It was widely expected that Labor, led by former Defence Minister Kim Beazley would defeat them in the subsequent Federal Elections. Howard was in fact lagging behind Beazley in most opinion polls.

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[14] Referring to Aboriginal children of mixed ethnicity who were removed from their families by the various Australian governments in the early 20th Century to be raised by the state and "assimilated" into white society. Certain schools of thought hold that this practice constituted an attempt at genocide. The *Bringing them Home* report on the Stolen Generations can be found at: http://www.austlii.edu.au/au/other/IndigLRes/stolen/

2. Howard was also criticised for his role in Australia's failed bid to become a republic in 1999. An avowed monarchist, Howard appeared less than enthusiastic for the change in the Constitutional Convention and Referendum that followed. Many Republicans felt that his reluctance caused the referendum to fail, and indeed Malcolm Turnbull (who is now leader of the Liberals) accused Howard of "breaking the nation's heart" by refusing to reconsider the motion after it had failed.

3. The September 11th attacks on the United States changed the scenario, however, as did the Tampa[15] controversy. Playing on fears that Australia was a soft target for terrorism; the Howard Government imposed a strict national security regime and introduced mandatory detention for asylum seekers, principally in islands offshore from Australia, i.e., 'the Pacific Solution'.

4. In response to allegations that these measures breached human rights, Howard was quoted as saying that: "We will decide who comes to this country and under what circumstances"[16]. This led to the accusation, however, that Howard was exploiting the issues of terrorism and refugees for political capital, at the price of increasing ethno-religious tensions in Australia.

5. Despite this, Howard's tough stance again reenergized his conservative base and won over support of moderate Australians concerned about their country's security. In the 2001 Federal Elections, the Liberal/National Coalition was able to not only retain office but even increased its majority. Their domination of the national security debate only increased with the 2002 Bali Bombings, in which scores of Australian tourists were injured or killed.

6. In response to Labor's third consecutive electoral defeat, Kim Beazley resigned as party leader and was replaced by Simon Crean, a former president of the Australian Council of Trade Unions (ACTU). He was deeply unpopular and was eventually replaced by Mark Latham in 2003.

The Zenith of Howardism

1. With his renewed mandate, John Howard brought Australia into the War on Terror in Afghanistan and Iraq. His personal popularity helped offset the backlash caused by the unpopular war. Many felt, however, that his leadership was becoming increasingly autocratic and intolerant of criticism. In 2002, for

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[15] A ship carrying Middle Eastern asylum seekers to Australia that was denied permission to land. Australian authorities claimed that the adults on the ship responded to this by throwing their children overboard, which later turned out to be false:
http://www.theage.com.au/articles/2002/12/29/1040511254630.html

[16] http://www.abc.net.au/lateline/content/2001/s422692.htm

instance, Greg Barns[17], a Liberal member for Tasmania was removed from its slate of candidates for the State Parliament after he criticised Howard's policies on asylum seekers.

2. Barns was a member of the Liberals 'wet' or socially liberal/moderate wing, which had been decimated during the Liberals' years in Opposition. Indeed, many Liberals began to feel alienated by Howard's hard-line conservative stance on social issues. Howard's camp, however, tended to dismiss such criticism from within and outside the party as the meanderings of "bleeding heart liberals" who were obsessed with "political correctness".

3. There were also concerns however, over the leadership succession within the Liberals. Peter Costello, despite winning praise for his work as Treasurer was growing impatient to assume the helm of the party and the Prime Ministership. Rumours of a rift between the two men grew after Costello appeared disappointed at Howard's announcement that he would lead the party into the 2004 Federal Elections. For his part, Howard refused to set a definite timeline for his retirement, stating that he would stay for as long as the party wanted him.

4. It was also clear that opposition to Howard has begun to crystallise at the state level. Starting from Queensland in 1998, the state and territorial governments in Australia began to fall to Labor until the Coalition was only in power at the Federal level.

5. Labor's new leader, Mark Latham, enjoyed some popularity but his abrasive personal style alienated the press. Furthermore, his stated policy of removing Australian troops from Iraq "by Christmas" if elected was criticised by the Bush administration. The Howard government then seized on this as well, suggesting that Latham would jeopardise Australia's alliance with America and national security once in office.

6. Latham was then further beset by a concentrated Coalition campaign that sought to portray him as an economic novice who would threaten Australia's economic stability. Latham was also criticized for his proposed social policies, which many felt would involve too much government intervention in the lives of ordinary citizens. The climax was the infamous "Handshake incident"[18], where Latham, upon encountering Howard at a public event, appeared to invade his space and acted in an aggressive manner.

7. The Labor Party was subsequently heavily defeated and Howard's Government won an unprecedented fourth term in office. To make matters worse for Labor, the Coalition also secured a majority in the Senate, which it had failed to do for

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[17] http://www.abc.net.au/lateline/content/2003/s972067.htm
[18] http://www.abc.net.au/lateline/content/2004/s1229330.htm

decades. Latham eventually resigned as Leader of the Opposition, and has since become an embittered critic of Labor and the Australian political life in general.

The Fourth Term: Triumph and Tragedy

1. With its majority in both houses of Parliament, the Coalition was able to push forward several controversial legislations that had previously been stymied by Labor and independent Senators. The first of these was Voluntary Student Unionism (VSU), which forbid universities from compelling their students to pay union fees on a compulsory basis. This effectively cut-off funding from many Australian student unions, which were by-and-large controlled by Labor. Critics of VSU said that the measure not only stopped the unions from engaging in political activism, but also prevented them from providing essential services like day-care centres and counselling services for students.

2. Howard also sought to shift labour relations in Australia to favour the employers. In 2004 his government introduced the so-called Australian Workplace Agreements (AWAs), which attempted to replace collective bargaining of employment contracts by unions with individualised agreements between employers and their staff. Unions and other civil society groups decried the AWAs (which had no safeguards except for occupational health and safety, workers' compensation or training) as being unfair to workers.

3. Then in 2005 the Coalition government set the Workplace Relations Amendment Act or "Work Choices"[19] as it was known. This piece of legislation also attempted to shift industrial relations in favour of the employers. Dismissal of workers was made easier, the right to strike was limited and employers were given the right to force their employees to sign individual work agreements rather than resort to collective bargaining. This was again fiercely opposed by the ACTU and Labor - a government media campaign to promote the legislation's benefits was met with general derision and effective counter-programming.

4. The opposition to Work Choices, as well as the worsening situation of the Iraq War turned public opinion against the Howard Government. His brand of social-conservatism also received a blow in the aftermath of the 2005 Cronulla riots, which was sparked by a conflict between residents of Middle Eastern descent and their white counterparts. The riots displayed how polarized and fragile Howard Government's social policies had left the nation.

5. To compound the problem, Howard continually refused to resolve his long-standing impasse with Costello. Pressure came down on both men to enter into a leadership contest, but to no avail. Howard eventually decided to lead his party

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[19] https://www.workchoices.gov.au/NR/rdonlyres/769DD322-2381-42B0-AEBF-2EF358BA5CD6/0/wrawcact2005.pdf

for a bid to claim a fifth term in office, claiming it would be his last, but this did nothing to change the perception that his Government was out of touch with the people.

6. Labor, on the other hand was reenergized with the election of Kevin Rudd, who had taken over from Kim Beazley after Latham's departure. He ran a strong campaign, criticising the Coalition's record on industrial relations and Iraq. Rudd also made use of ICT tools such as Facebook to galvanise Labor grassroots, and to swing young and undecided voters his way.

The 2007 Federal Election and its Aftermath

1. On 23 November 2007 Labor picked up 83 House of Representative seats to defeat the Coalition Government, bringing almost 11 years of Liberal/National Coalition to an end. Howard, as we have noted before was defeated in his seat of Bennelong. He resigned from the leadership of the Liberal Party shortly after, and was replaced as Leader of the Opposition by Brendan Nelson, formerly Minister of Defence in the last Howard cabinet.

2. The soul-searching in the Liberal Party began almost immediately. Most critics blamed Howard for staying on too-long and not putting a proper succession plan in place. Others criticised his traditionally conservative stance on many issues, which was increasingly out-of-step with an Australian society that has always been open and tolerant of diversity. Some even called for the Liberal Party to merge with their Nationals partner, and indeed this was done in Queensland on a state level with the formation of the Liberal National Party there.

3. It is not immediately clear what direction the Liberal Party can now take. Many have spoken of the need to return the party to its Menzian roots, but few concrete steps appear to have been taken in this regard. Despite this, the party has seen a minor revival at state-level.

4. In Western Australia, for instance, a coalition of Liberals and Nationals was able to form the state Government there after an election in September 2008 resulted in a hung Parliament. This ended nearly a decade of Labor domination in the state governments of Australia. Furthermore, the Liberals are also expected to do well in the next Australian Capital Territory, Queensland and New South Wales state elections as the Labor state governments there undergo some turmoil. If the Liberal Party does win, and the trend spreads, this could lead to a reversal of the Howard years. Labor could eventually find itself in power only at the Federal level while the Liberals control state governments.

5. As for the Liberal parliamentary party, Brendan Nelson was replaced on 16 September 2008 by Malcolm Turnbull. He has enjoyed some success in the polls, although Kevin Rudd continues to hold the lead. Given the current economic turmoil and security situation, it is likely that Labor will be re-elected to second

term in office. Whether that will lead to another period of internal-strife for the Liberals remains to be seen.

Lessons from the Liberal Party of Australia

1. *Broad-based coalitions are essential*
   a. The Liberal Party of Australia and its predecessors were not monolithic groupings but was a broad-based alliance of anti-Communists, pro-business groups, free-marketers and social-conservatives. These groups may not always see eye-to-eye on certain issues, but they were able to find a united cause in fighting against the Labor Party.

   b. The fact that the Liberals were able, several times in history, to win Labor defectors to its side and usher in periods of electoral dominance shows that their wide-ranging and all-encompassing ethos was a political strength rather than a weakness. Their continuing of the populist government activism from the Federation-era made it possible for them to still call themselves "Liberal" even though they were obviously a conservative party.

   c. Liberals in Malaysia, whether economic or social liberals, must therefore seek a common front with social democratic and other progressive groups. Allowing the forces of change to be fractured by sectarian ideological differences will only prolong the predominance of racialist politics in the country.

2. *Political actors must win the centre*
   a. The Liberals and their predecessors, and in fact even their Labor rival, were successful because they championed the zeitgeistic causes of their day.

   b. The Protectionist predecessor to the Commonwealth Liberal party, for instance, won office early in Australia's history because it was the prime mover of federalism and the socially-progressive legislation of the period. However, Deakin's decision to seek support from the conservative Free Trade party backfired and cost him electorally.

   c. Furthermore, the Nationalist and United Australia Parties were voted into office in 1917 and 1931 respectively because they supported strong ties with the British Empire, a cause that was popular in that period of time. However, when Australian nationalism made monarchism unpopular at the outset of World War II; Menzies was defeated when it appeared that he was putting Imperial interests above Australian ones.

   d. The mood then again shifted after World War II, when Australians worried about communist totalitarianism turned against Labor. By

projecting anti-communism, a strong alliance with America and active Keynesianism, Menzies was re-elected time and time again. His successors, however, failed to keep in step with the social changes that was taking place in Australia, lost the centre-ground, and were hence defeated in 1973.

e. Whitlam's Labour Government, however, introduced revolutionary social changes in too fast a pace and was dismissed in 1975. The Coalition Government led by Fraser that replaced it fell out of favour due to its monetarist policies and was defeated by Hawke. The defeat of Hawke's successor, Keating can also be attributed to his losing the centre. By appearing to pander to special interest groups, Keating was vulnerable to Howard's accusation that he was neglecting the "Aussie Battlers" or mainstream Australians.

f. Howard, ironically, eventually lost the support of these "battlers" who had done so much for him, as his neo-conservative industrial relations reform cost them dearly. He could not shake off his monetarist ideology that had been with him since his early ministerial career.

g. All of these examples indicate that Malaysian liberals in politics need to speak the language of pragmatism when they seek office and / or once they are in it. The various Australian political parties won power by capturing the support of the centre and lost it when they lost that vital group. Malaysian liberal politicians must therefore take this to heart, and be careful not to alienate voters by insisting on ideological positions that may be out-of-step with the voting public.

3. *Succession plans are essential*
   a. Much of Howard's tragedy lies in the fact that he could not let go of power. By staying on for as long as he did, he gave the impression that he was obsessed with remaining in office to the detriment of his party and his country. If Malaysian liberals were one day to form their own Malaysian Liberal Party, or if they were to take power in the country, then clear and unambiguous plans for leadership succession must also be put in place.

   b. It goes without saying, however, that such a plan should not result in an elitist "closed shop" when it comes to party or governmental positions. Talent and capability should always override party hierarchy in such considerations.

4. *Unity is essential*
   a. Shortly after the Liberal-National Coalition's defeat in the 1980s, John Howard proclaimed that 'disunity is death'. It cannot be denied that much of the Liberal internal-feuding during the 80s-90s contributed in some way to their defeats in those decades.

b. Should the liberals of Malaysia form their own political party, it is essential that such an organization acts as a cohesive unit and speaks with one voice on the various issues.

c. Even with the absence of such a distinct political party (and it should be noted that the author believes that it is still possible to pursue a liberal agenda within the current party system), it is also important for Malaysian liberals, whatever their party affiliation to try as much as possible to speak with a united voice on key socio-political issues.

5. *Unity is essential, but so is diversity*
   a. The need for unity, however, does not mean that independent voices have to be squelched. A great flaw of Howard's leadership was that he could not tolerate criticism against himself, nor was the great ideological diversity that once existed in the early Liberal Party allowed to continue.

   b. By sidelining the "wets" in his party, Howard was responsible for making the Liberals seem like an intolerant, almost "nasty" party that brooked little or no independence or tolerance. This was certainly at odds with Menzies' original principles, which essentially valued individual freedom above all else.

   c. While, as mentioned earlier, the need for a coherent message is essential, liberals in Malaysia must be careful to be able to take criticism and handle opposing views when they arise. Engaging in witch-hunts and ideological purges will make a mockery of their championing of freedom and liberty.

Conclusion

1. It is almost certain that the coming months will see those who advocate racialist politics in Malaysia attempting to make a come-back. Clamp-downs on the newfound political, media and social freedoms are to be expected on all fronts.

2. Liberals in Malaysia must be bold in opposing such moves, and can only hope to succeed in doing so by standing firm with other progressive and moderate forces in Malaysian society.

3. While the contexts of Australia and Malaysia are different, there are lessons that liberals in Malaysia can learn from the failure of their counterparts in Australia.

4. Whether the Malaysian liberals in politics choose to form their own party or spread their ideas through the existing party framework, it is important that they understand the need to win the centre and avoid the mistakes that the Australian Liberal Party made in their long history.

5. Liberalism definitely has a place in the Malaysian polity, but it can only succeed for the time being in an alliance with other forces that, while they may have some variants in terms of socio-economic policies, are nevertheless also determined to bring about change in the country.

Suggested Further Reading

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The articles and papers of the Sydney Institute: *http://www.thesydneyinstitute.com.au/*

About the Malaysia Think Tank

The Malaysia Think Tank's mission is to encourage the adoption of classical liberal ideas in Malaysia by:

- Publishing relevant materials and hosting events to promote them
- Commissioning new research articles by thinkers with fresh perspectives
- Organising lectures and seminars to enable frank discussion with policymakers, academics, leading figures in civil society, the business community and other professionals
- Producing policy proposals underpinned by robust research to directly tackle issues of public concern
- Providing a platform where Malaysians of all ethnic and religious backgrounds can advance the ideals of liberty and justice espoused in the Proclamation of Independence and Federal Constitution

MTT is driven by libertarian ideas, supporting the principles of free individuals, free markets, limited government, and the rule of law. Wan Saiful Wan Jan, Tunku 'Abidin Muhriz, and Wan Mohd Firdaus Wan Mohd Fuaad set up the MTT in early 2006, having realised that there is a need to promote libertarian ideas to Malaysians in a more strategic fashion. MTT started its life in London because the three were based there at that time. In October 2006, it was registered as a non-profit company limited by guarantee in England and Wales (no: 05980232), and began to work in Malaysia in early 2007. At the beginning, it was known as the "Malaysia Think Tank London" to reflect its geographical location. In August 2008, became a registered partnership in Malaysia (no: 001792990-M), and changed its name to the "Malaysia Think Tank", while keeping London as a branch.

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