When The Poor Vote Conservative

21 November 2012

Around the world social conservatism is making a comeback, feeding off a fear of change during fragile economic times. Ian McAuley writes from California on lessons for Australia from the US election.

People of my generation remember the 1960s for a wave of protest in the USA and Australia directed at our governments' involvement in the Vietnam War and conscription. Even those who were not demonstrating on the streets can surely recall the rhythm of protest in the music of Jimi Hendrix, the Grateful Dead, Crosby Stills Nash and Young, and Bob Dylan.

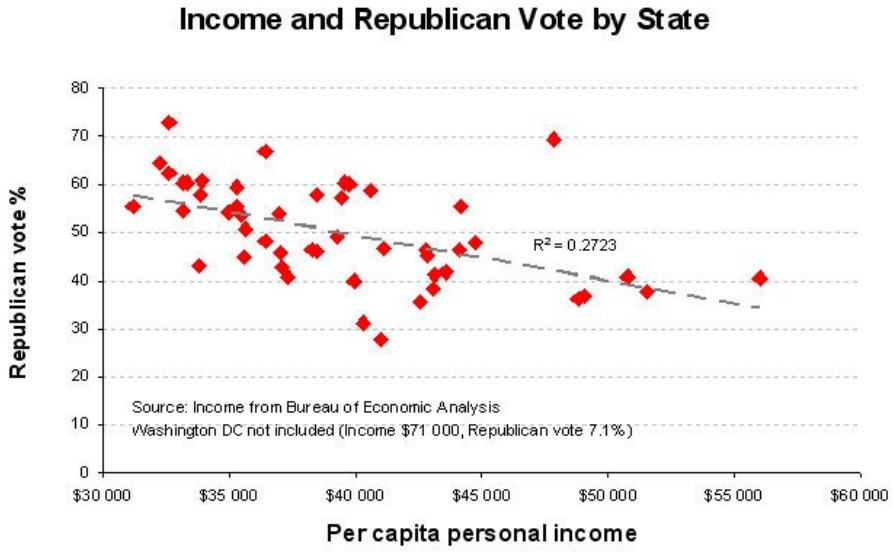
Some of the strongest protests were at the Berkeley campus of the University of California, where in 1968 violent clashes took place between students and police around the Telegraph Avenue/Bancroft Way intersection outside the University's entrance — a location that became the symbolic centre of the student protest movement.

The day after the recent US election I checked into the Bancroft Hotel, just 200 metres from that intersection. I was there for an unofficial reunion of the Kennedy School class of 1987. The organisers decided on a post-election gathering in Berkeley, a convenient spot for those in the western states, or, in my case, from the other side of the Pacific. It was an opportunity to exchange ideas and experiences among a gathering of friends, all still engaged in politics or public policy, and all with insights on America's political and economic trends.

Berkeley has changed somewhat since the 1960s. It still has an active student community, but no longer can the visitor soak up the atmosphere of drifting marijuana smoke. The dominant scent on campus, familiar to Australians, is now from the grand eucalypts. Its Goldman School, one of America's most respected schools of public policy, was where we were able to catch up with Robert Reich, formerly of the Kennedy School before he became Secretary of Labor in the Clinton Administration, and who is now Professor of Public Policy at Berkeley.

Obama's decisive victory was clearly the dominant theme of our alumni gathering. By now we are all familiar with the electoral map, with the blue states (Democrat) along the Pacific coast and the densely populated north-east, with the red states (Republican) mainly in the south and centre. It's an odd pattern, given the traditional "left"/"right" colour associations, but those associations are losing their relevance. (Does the red now denote "redneck?")

Two days after the election, The Economist had a supplement on the "Poor in America", including a map of persistent poverty. It showed a band of poverty stretching across the southern states and reaching into Kentucky and West Virginia — all Republican strongholds. My curiosity was stimulated, and using data from America's states I looked for any relationship between income and the Republican vote. Income and the



Republican vote, in fact, are mildly negatively correlated, as seen in the graph below: the Republican vote was strongest in the poorest states. (The dot in the top left corner is Utah.) So much for traditional political theory.

It's not that the poor have swung en masse to the Republicans or that the rich have converted to the Democrats. Rather, this pattern reflects discontent in those parts where the economy is weakest. As my colleagues said, in America's changing economy "white men" with basic skills are being left behind. The old semi-skilled jobs have gone, and even as America recovers economically, those jobs aren't coming back.

"Take our country back" is the plea of those who feel that their America has been taken over by alien groups, with different skin colour ("What's an African-American doing in the White House?"), who speak different languages, who display different values and sexual preferences, and who drink wine rather than Budweiser.

It's a fear exploited by those who, having unleashed so much destruction by letting Wall Street take the economy to the brink of destruction, are now promising a return to the imagined past of 1950s America. Social conservatism, they believe, can compensate for economic turmoil. That's the basic Republican agenda.

Another observation, going deeper into this division, is that America's cleavages are now even deeper than they were during the years of protest in the 1960s. The conflicts of that era were largely intergenerational, and within small communities and families. The divisions of today are more entrenched. As one of our group said, Americans can live in a world where they no longer have to associate with anyone who isn't like themselves.

In part this is because the divisions are regional: an Australian wandering the streets of Berkeley and Palo Alto could be forgiven for believing that the country is enjoying unprecedented prosperity. There is no need to deploy riot police as there was in the 1960s, because the parties in the conflict live in different worlds. The division is reinforced by traditional media such as Fox News, who are more carefully targeting their audiences, and even by newer media, where we can pick the sources that align with our own ideologies.

It is little wonder, therefore, that to many the Obama victory came as a shock. "I thought Romney was a shoo-in", commented a local politician in Wyoming, one of the poorer states. That perception is quite understandable. He would have been exposed to a world where the prevailing view is that it's all Obama's fault, and his economic incompetence is so obvious that it doesn't even need to be argued — he just "knows" it.

The most insightful aspect of this observation is that it's not about any right-wing ideological conspiracy. Rather, its about marketing strategies, matching media to customers' biases — a self-reinforcing polarisation. In America the profit motive usually trumps political ideology.

Does this carry a message for Australia?

We may be smug about our strong economy, but our recent strong performance rests largely on the luck of mineral resources and China's spurt of economic growth. We have a better "social wage" in terms of education and health care and a much higher minimum wage than the USA. (Our minimum wage, just on $16 an hour, compares with a federally mandated minimum US wage of $7.25, and some state minima in the order of $10.) We have a better system of sharing public revenues between states.

But these institutions are all under threat, and our economic disparities are widening. Even though our material standards are better, we have the same social divisions as the Americans. Ours are in the gap between the urban well-off and those in outer suburban and rural regions. It's the same division but with a different regional manifestation.

Tony Abbott knows how to speak to those who "want their country back", and he speaks with assurance. He doesn't have to argue for his position, because, like the Wyoming politician, he speaks to those who "know" that their living standards are falling, that the government is incompetent and corrupt, that our public debt is skyrocketing, that the planet isn't warming... As David Marr points out in his recent Quarterly Essay:

> "Cultivating the fears and harnessing the rage of minorities is a great conservative skill. Abbott has it in spades. His pitch to the fearful is the nameless dread of change in a fragile world."

Such simplified messages, in Australia and in the USA, crowd out any hope of addressing our shared problems — growing inequality, deficiencies in public goods, over-dependence on non-renewable resources and damaging contributions to global warming. America's problems are writ larger than ours, and have some particular characteristics such as racial divisions and an even wackier set of federal-state arrangements than ours, but we are not far behind.

A specific problem facing both countries is inadequate public revenue, reinforced by a consistent message that one of our greatest menaces is "big government". Australia and the USA are both low-tax countries, with taxes at 29 and 27 per cent of GDP respectively, placing us among the lowest-taxed of all OECD countries (which have an average tax of 35 per cent of GDP). It's little wonder that our infrastructure isn't keeping up and that our education standards are slipping.

Even if their federal politicians lack the courage to raise taxes, however, Californians have taken some small steps to restore public revenue. In an initiative which commanded little attention in our press, Californians voted in favour of Governor Brown's proposition to raise state taxes. (States use federal election days to include state proposals.)

These measures raise state sales tax by 0.25 percent, and they raise state income taxes for those 3 per cent of Californians with annual incomes above $250,000. Proceeds of around $8 billion a year will be largely directed to school education. Scaled back to Australia's population (23 million compared with 38 million in California) that would equate to about $5 billion — enough to fund the Gonski reforms.

In Australia, independent MP Rob Oakeshott has had the courage to broach the issue of increasing our indirect tax revenue. He can take comfort from California's example. Californians and Australians may protest when their governments get engaged in futile military ventures, but they may be much more supportive when their governments raise taxes for worthwhile public purposes.