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Rational Disaffection? The Economic Origins of Minor-Party Voting in Australia

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ABSTRACT

Support for minor parties and independents in Australia doubled from 15% in 2007 to 30% in 2022, ending decades of relative electoral stability. Using nearly 30 years of monthly consumer survey data, we examine whether this realignment is rooted in economic disaffection. Since the Global Financial Crisis (GFC), growth in real GDP and GDP per capita has slowed markedly, while consumer sentiment—reflecting individuals' retrospective and prospective evaluations of their personal finances and the broader economy—has fallen to record lows. This increase in economic pessimism is evident across major demographic groups, suggesting that disaffection is broad-based rather than confined to particular constituencies. Voters with negative economic expectations are significantly more likely to support minor parties or independents, and this association has strengthened since the mid-2010s. The Greens have gained disproportionate support from younger voters, while other minor parties and independents have attracted more support from older cohorts. These findings show that declining economic prosperity—both real and perceived—has played an important role in Australia's post-GFC shift away from the two major parties. This is consistent with the view that voters are responding rationally to unmet policy demands and long-standing dissatisfaction with government performance.

1 | Introduction

Support for Australia's two major political parties (the Liberal/National Coalition Party and the Australian Labor Party) has steadily declined over the past two decades, with minor-party and independent support rising sharply following the Global Financial Crisis (GFC). Between 2007 and 2022, the combined vote share for minor parties and independents doubled from 15 to 30%, marking a significant departure from Australia's post-war political stability. This electoral shift has coincided with a sustained decline in political trust and satisfaction with democracy, which has been linked to perceptions of poor government performance and political unresponsiveness in the years following the GFC (Werner 2016; Dassonneville and McAllister 2021; Cameron 2020). These broader concerns are reflected in growing public frustration with unresolved economic challenges that directly affect everyday living standards, including housing affordability, inequality, the rising cost of living, and access to healthcare.

While these issues have featured prominently in recent federal election campaigns, Australia's experience is part of a broader pattern observed across advanced democracies. The share of votes going to minor parties has increased in many countries, accompanied by a rise in minority and coalition governments. Between 2010 and 2020, for example, the number of minority governments in OECD countries rose from six to eleven (Goth and Clifford 2024). These trends reflect a growing disconnect between voters and mainstream political actors: party systems are increasingly dominated by political professionals and

symbolic contestation, while major structural problems remain unaddressed (Dalton and Wattenberg 2002; Mair 2006; Hobolt and Tilley 2016). In the Australian context, these shifts have occurred despite comparatively stable macroeconomic conditions during the GFC, suggesting that perceptions of performance—rather than economic crises per se—have been central to declining support for major parties. While non-economic factors—such as resistance to social change—also play a role (Wood et al. 2018), most Australians vote based on policy issues, with economic concerns consistently ranked among their top priorities (Cameron and McAllister 2022; Cameron et al. 2022).

Economic voting plays a central role in democratic accountability, enabling citizens to reward or punish incumbents based on their management of the economy (Lewis-Beck and Stegmaier 2000; Healy and Malhotra 2013). Through this process, voters shape incentives for competent governance and help align public policy with citizen welfare. In this article, we examine whether Australia's post-GFC electoral realignment is rooted in economic disaffection. Using nearly three decades of monthly consumer sentiment data, we show that economic pessimism has increased markedly since the GFC and is shared across demographic subgroups. Voters with more negative expectations about personal and national economic conditions are significantly more likely to support minor parties or independents, and the strength of this association has grown over time.

Overall, these findings demonstrate that rising economic pessimism is a key factor in Australia's post-GFC shift away from the major parties. They contribute to a broader understanding of how declining economic conditions—both real and perceived—shape voting behaviour. Australia's electoral realignment is consistent with the view that voters are responding rationally to unmet policy demands and growing dissatisfaction with the performance of successive governments. While the rise in support for nonmajor parties may signal demand for political change, it also carries risks. In the absence of credible responses to long-standing challenges—such as rising inequality, worsening housing affordability, the growing cost of accessing basic healthcare, and sustained cost-of-living pressures—political disaffection is likely to intensify. Decades of policy responses that have failed to address the scale or structural nature of these problems have contributed to mounting pressures, particularly in urban centres where intergenerational wealth divides and housing insecurity are most acute. Without meaningful reform, Australia risks following the trajectory observed in parts of Europe and the United States, where the erosion of major-party support has created space for more radical and anti-democratic political movements.

2 | Survey Data

We use data from two repeated cross-sectional surveys hosted by the Melbourne Institute of Applied Economic and Social Research at the University of Melbourne: the Consumer Attitudes, Sentiment and Expectations Survey (CASiE) and the Taking the Pulse of the Nation Survey (TTPN). Both surveys are stratified to be representative of the Australian population by gender, age and location.

CASiE is a long-standing monthly survey, modelled on the University of Michigan's Survey of Consumers, designed to monitor consumer sentiment and economic expectations. It provides leading indicators of household-sector economic activity, particularly consumer spending. CASiE data have been widely used for policy monitoring and academic research (Brassil et al. 2024; Claus and Nguyen 2018, 2020, 2023; Gillitzer and Prasad 2018; Gillitzer et al. 2021; Botha and Nguyen 2022).

For our analysis, we use 360 monthly waves of CASiE data spanning 1995–2024, covering 440,419 individuals. To examine the relationship between voting choice and economic expectations, we focus on CASiE questions related to consumers' retrospective and prospective evaluations of family finances, national economic conditions and the labor market, following the framework suggested by Lewis-Beck (1988). Specifically:

Q1. (cff) Current family finances compared to 12 months ago.

Q2. (*fff*) Expected family finances in the next 12 months.

Q3. (*ec12*) Expected economic conditions in the next 12 months.

Q4. (*cue*) Expected unemployment conditions in the next 12 months.

Responses to these questions are ordinal ('better-off'/'good'/'more', 'same', 'worse-off'/'bad'/'less'), with an additional 'don't know/refused' option. Full survey wording is provided in Appendix A. Voting intention in CASiE is measured using the following question:

Q8. (*vote*) 'If a federal election was held today, could you please tell me which party you personally would vote for?'

1. Liberal Party
2. Australian Labor Party
3. Minor parties (Australian Democrats, One Nation, others)
4. The National Party
5. Greens
6. Independents
7. None/Don't know

Based on these responses, we classify individuals into four groups: (i) Coalition voters (Responses 1 and 4), (ii) Labor voters (Response 2), (iii) minor-party and independent (MPIC) voters (Responses 3, 5 and 6) and (iv) undecided voters (response 7). Over time, minor adjustments to category labels were made as the relative importance of specific parties shifted, such as the decline of the Australian Democrats and One Nation and the rising prominence of Independents.

TTPN was launched in April 2020 to provide timely insights into social and economic issues during the COVID-19 pandemic, including financial stress, mental distress, attitudes toward working from home, and vaccination.[1] TTPN data have been used both for policy monitoring (Melbourne Institute of Applied Economic and Social Research 2021) and for academic

research (Botha et al. 2021; Botha et al. 2022). Following the pandemic, TTPN continued to provide information on a broad range of topics, including the cost of living, economic insecurity, school bullying and climate change.

In this article, we use TTPN to examine differences in voters' broader worldviews. The January 2023 and January 2024 waves included six items related to 'primal world beliefs,' capturing respondents' views of whether the world is fundamentally good or bad (Clifton and Yaden 2021). Full survey wording for these items is provided in Appendix B. Voting intention is measured through a question similar to that used in CASiE.

2.1 | Differences in Beliefs and Expectations by Party Support

The survey data from CASiE and TTPN allow us to examine how economic sentiment and beliefs vary by voting intention. A large body of research shows that partisanship and political preferences shape voters' perceptions of economic conditions, which in turn influence economic behaviour (Gerber and Huber 2009). In particular, supporters of the incumbent government tend to express greater optimism about both their personal financial situation and the broader economy than supporters of the opposition. This pattern is well-documented in Australia (Claus and Nguyen 2018), the United States (Coibion et al. 2020; Kamdar and Ray 2023; Mian et al. 2023) and across 27 European countries (Guirola 2025). This form of partisan bias in expectations has been shown to affect real economic decisions, including consumption (Gerber and Huber 2009) and durable goods purchases such as vehicles (Gillitzer and Prasad 2018).

Figure 1 plots the Consumer Sentiment Index (CSI) separately for self-identified Coalition and Labor voters in the CASiE survey. The CSI is a composite measure standardized such that a value of 100 reflects neutral sentiment. Values above (below) 100 indicate relative optimism (pessimism).[2]

Several stylised facts emerge from Figure 1. First, the relative optimism of Coalition and Labor voters shifts following each change in government. Of the ten federal elections held between 1995 and 2024, four resulted in a change in the governing party (1996, 2007, 2013 and 2022; see Table 1). In each case, supporters of the winning party became more optimistic, while supporters of the losing party became more pessimistic. Second, across periods of stable government, voters aligned with the incumbent political party are consistently more optimistic than those aligned with the opposition. These patterns are consistent with politically motivated reasoning, whereby individuals evaluate economic conditions more favourably when their preferred party governs. However, they are also observationally equivalent with rational updating based on expected policy shifts or beliefs about the economic competence of one's preferred party (Gerber and Huber 2010).

Third, the partisan gap in sentiment narrows during major economic downturns—including the Global Financial Crisis (2008–2009), the COVID-19 pandemic and the monetary tightening cycle of 2022–2023—suggesting that negative economic shocks reduce partisan divergence. Fourth, the overall magnitude of partisan divergence in sentiment is smaller in the post-GFC period, with the exception of the years immediately preceding the 2013 federal election. This is broadly consistent with evidence that political polarisation in sentiment tends to recede during crises as trust in government temporarily increases (Morisi et al. 2019; Davies et al. 2021).

Most prior research on consumer sentiment and political behaviour focuses on major-party voters. To examine patterns among voters outside the two major parties—including those who support minor parties such as the Greens, as well as independents—we compare their average CSI to the national mean in Figure 2. Throughout the analysis, we refer to respondents who report support for minor parties or independents as 'minor-party voters,' unless otherwise specified. On average, their sentiment is significantly lower than that of the population as a whole—typically between 10 and 15 index points below the national mean. There are only four periods in which their sentiment rises to meet or exceed the national average: (1) the early 1990s economic downturn, (2) the Global Financial Crisis, (3) August 2010 to September 2013 and (4) the COVID-19 pandemic. Three of these coincide with periods of widespread economic disruption. The remaining episode overlaps with the Gillard minority government, which held power

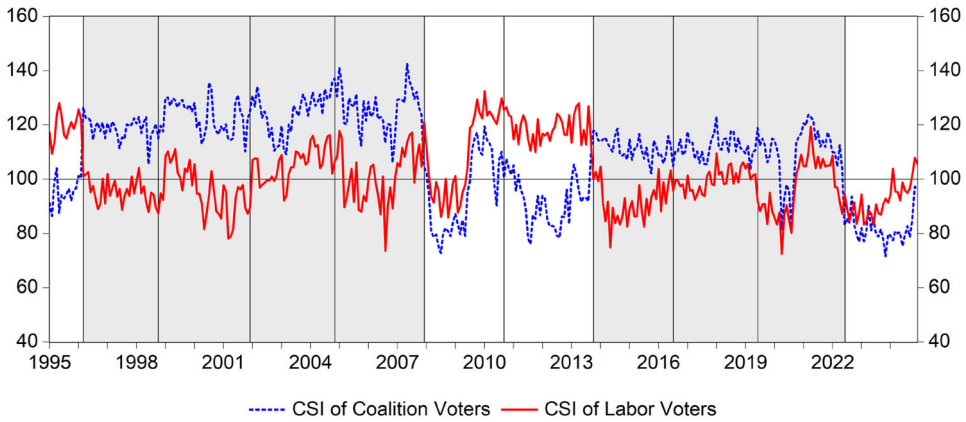

FIGURE 1 | Consumer sentiment of coalition and labor voters. *Note:* Vertical lines indicate Australian Federal election dates. Grey-shaded (non-shaded) area indicates periods of a Coalition (Labor) government.

with the support of three independents and one Greens MP—plausibly contributing to improved sentiment among voters aligned with those parties.

Economic sentiment varies systematically with party preference, and this pattern is evident not only among voters aligned with the major parties but also among those who support minor parties and independents—particularly when those groups are represented in government. These patterns indicate that economic sentiment is systematically associated with party preference, and that this association extends to voters outside the major parties. In particular, sentiment among minor-party and independent voters appears to improve when their preferred representatives hold governing or supporting roles, as in the case of the Gillard minority government.

In addition to variation in economic sentiment, individuals differ in more fundamental beliefs about the nature of the world—what psychologists refer to as primal world beliefs (Clifton and Yaden 2021). These beliefs reflect generalized assumptions about whether the world is good, safe and orderly, and are thought to shape how individuals interpret information and respond to political and economic events. Such beliefs may influence political behaviour, particularly among voters who are disaffected or alienated from mainstream institutions.

TABLE 1 | Federal election dates in our sample and outcomes.

Election date	Winning Party
2 March 1996	Coalition*
3 October 1998	Coalition
10 November 2001	Coalition
9 October 2004	Coalition
24 November 2007	Labor*
21 August 2010	Labor
7 September 2013	Coalition*
2 July 2016	Coalition
18 May 2019	Coalition
21 May 2022	Labor*

*Election with a change in the governing party.

To assess whether these underlying worldviews vary systematically across political groups, we examine differences in the 'Good' dimension of primal world beliefs by voting intention.

Figure 3 presents average scores on the 'Good' dimension for major-party and minor-party voters. Higher values indicate a more positive perception of the world. On average, major-party voters report a score of 3.01 (95% CI: 2.97–3.07), while minor-party voters—including those who support the Greens, other minor parties, or independents—report an average of 2.68 (95% CI: 2.60–2.76). This difference is statistically significant and consistent with the view that minor-party voters tend to hold a more pessimistic worldview than those aligned with the major parties.

3 | Post-GFC Decline in Major-Party Support

In Australia, support for minor parties—defined here as any party other than the Coalition or Labor—has increased substantially over the past several decades. Figure 4 plots the minor party vote share in every federal election since 1995. While support for minor parties fluctuated in earlier periods, it has followed a clear upward trajectory since the GFC, marking a break from pre-GFC patterns.

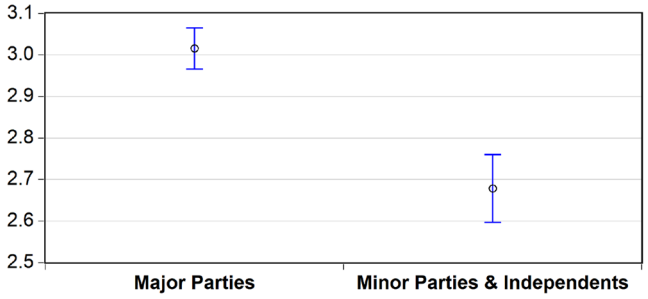

FIGURE 3 | Primal World Belief ('Good') Scores. *Note:* The figure reports average 'Good' scores (on a scale of 0 to 5) for major party voters and MPI voters. Higher values are suggestive of more positive views of the world. Lower values suggest that respondents are more pessimistic of the world and view the world as a bad place. Source: Calculated from the TTPN Survey.

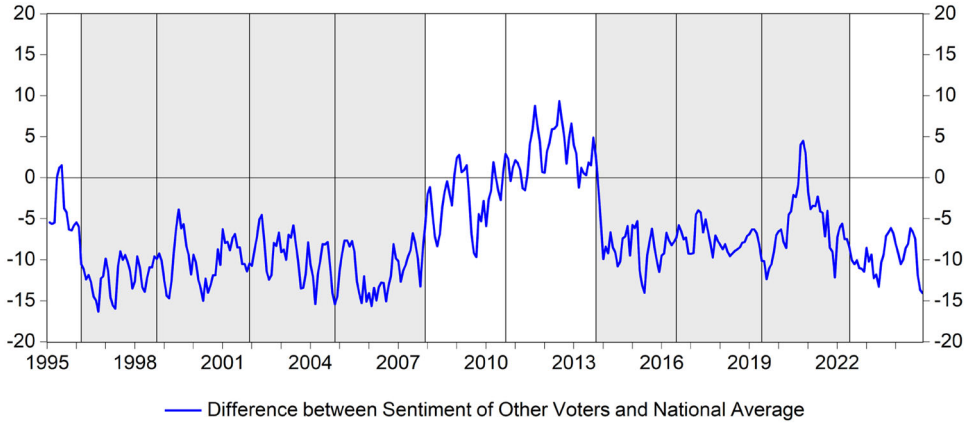

FIGURE 2 | Consumer sentiment of minor party voters.

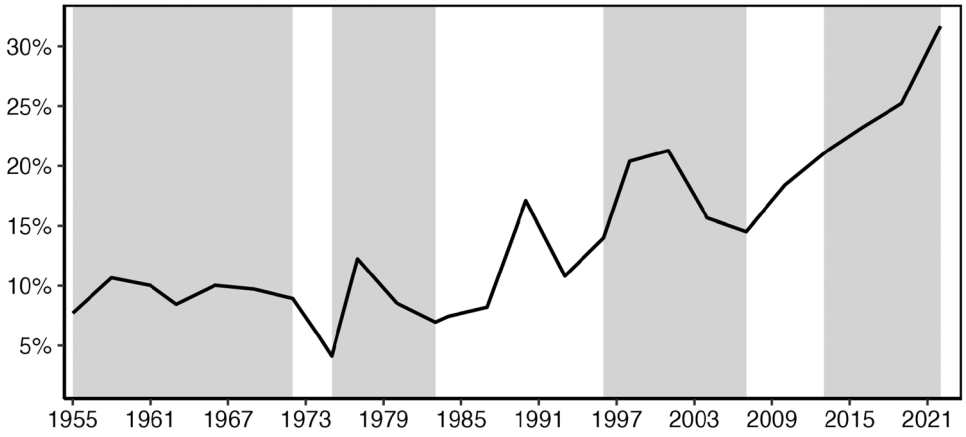

FIGURE 4 | First-preference vote share for minor parties in federal elections, 1955–2022. *Source:* Australian Electoral Commission and Nolan (2024).

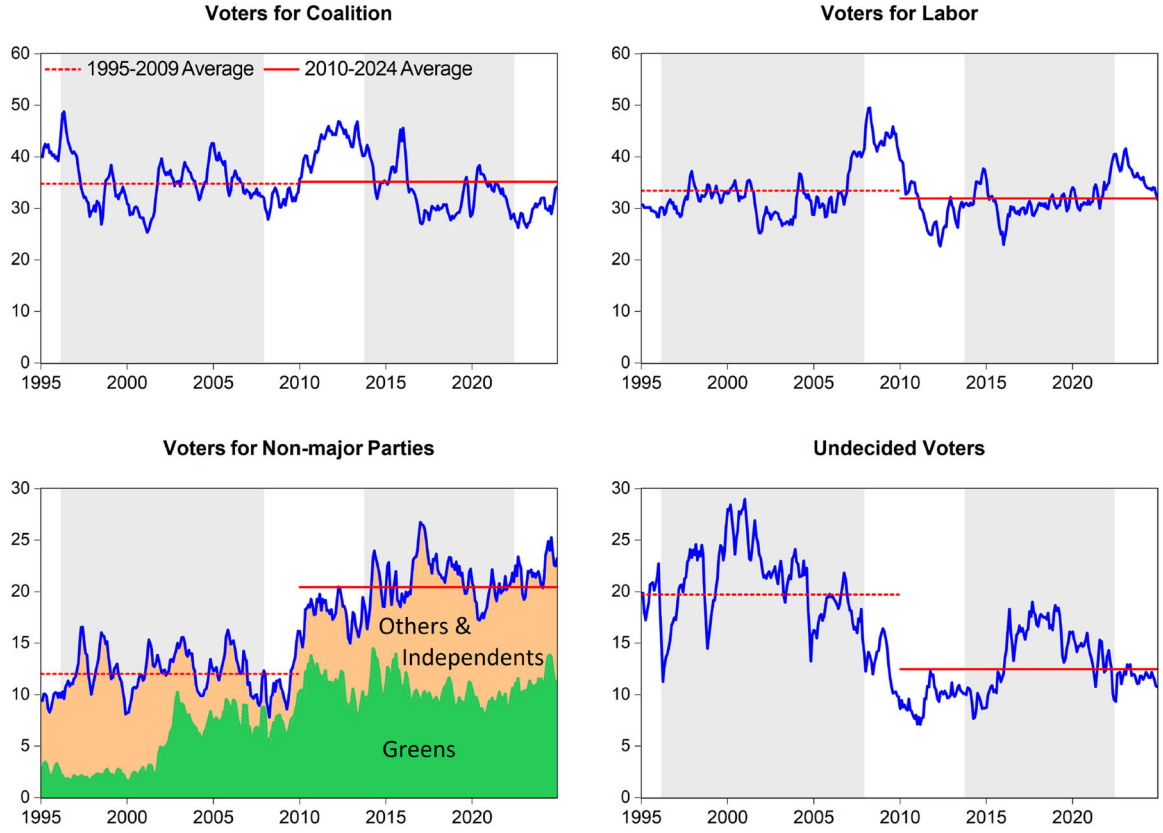

FIGURE 5 | Proportion of voters supporting major and minor parties.

Because voting is compulsory in Australia, turnout at federal elections has remained above 90% throughout this period. However, survey data provide additional insight into voting intentions between elections, including among undecided voters who are more likely to abstain. Figure 5 presents monthly vote intention shares from the CASiE survey between 1995 and 2024, disaggregated by major parties (Coalition, Labor), the Greens, other minor parties and independents, and undecided voters. Each sub-figure also shows averages for the pre- and post-GFC periods (1995–2009 and 2010–2024).

Several stylised facts emerge from Figure 5. First, although the peak vote shares for the Coalition (circa 2012–2013) and Labor (2007–2008) occurred at different points, their average support levels remain broadly similar across the two periods. Second, the increase in minor party support post-GFC has been shared between the Greens and other minor parties and independents (see bottom-left panel). Notably, support for the Greens increased in two distinct waves—during the early 2000s and again after the GFC. Third, the rise in minor party support corresponds closely to a decline in the proportion of undecided

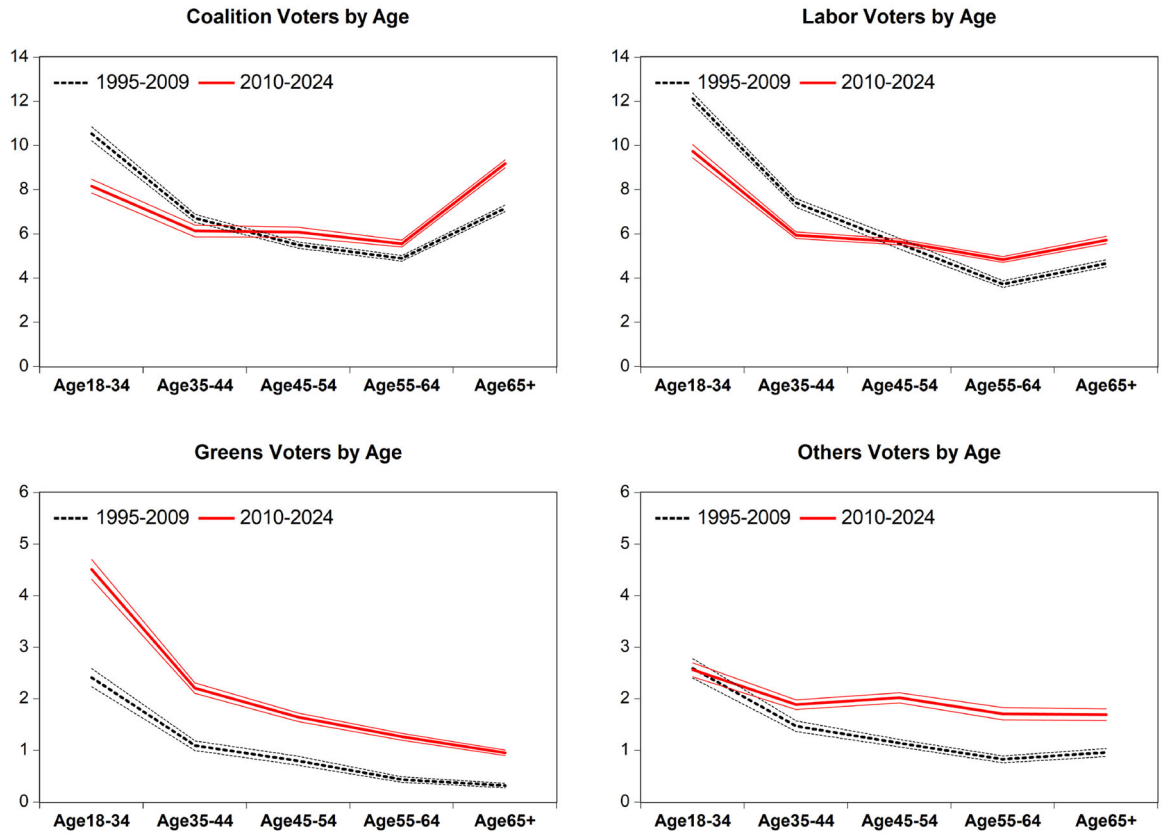

FIGURE 6 | Voters by age.

voters (bottom-right panel), suggesting a shift from political disengagement to active support for nonmajor parties.

3.1 | Disaggregating the Decline in Major-Party Support

Aggregate shifts away from the two major parties raise important questions about the evolving nature of political competition in Australia. Electoral realignments often originate within demographic subgroups whose preferences and priorities are no longer well represented by the major parties. When these parties converge on policy positions that fail to address the concerns of key voter blocs, rising support for challengers—whether minor parties, independents or protest candidates—is to be expected. Although national trends suggest increasing support for nonmajor parties, such changes could in principle reflect geographically or demographically concentrated shifts rather than a broader realignment. Disaggregating vote intention by demographic characteristics allows us to assess whether the erosion of major-party dominance is widespread or limited to specific, electorally significant subpopulations—information critical to understanding how party systems adapt, fragment or polarize over time.

To explore how these aggregate changes vary across the electorate, we examine vote intention by age, gender and geographic location. Figure 6 presents the distribution of voting preferences by age group in the pre- and post-GFC periods. Following the GFC, both the Coalition and Labor experienced declines in support among younger voters and modest gains among older cohorts. In contrast, the Greens saw increased support across all age groups, particularly among the young. Other minor parties and independents recorded greater gains among older voters.

Gender differences are shown in Figure 7. Since the GFC, the Coalition has received slightly more support from men, while Labor's support among men declined modestly. Among women, support for both major parties remained relatively stable. Support for nonmajor parties rose across both genders. The Greens attracted stronger support from women, while other minor parties and independents gained more traction among men. Figure 8 shows geographic differences in vote intentions by state. Support for the major parties remained relatively stable across regions, but minor parties—especially those other than the Greens—registered substantial gains in New South Wales, Victoria and Queensland.

Overall, these results suggest that rising support for minor parties is driven by growing voter dissatisfaction with the major parties' failure to address key structural challenges. The most striking pattern is generational: since the GFC, both major parties have lost support among younger Australians, while the Greens and other minor parties have gained substantial ground. This shift is consistent with a broader realignment in which younger voters are withdrawing support from traditional parties in response to long-standing failures to tackle issues such as housing affordability, climate change and inequality. Gender and geographic patterns, while less pronounced, are directionally consistent with this interpretation. Minor parties have gained support among both men and women, with the Greens

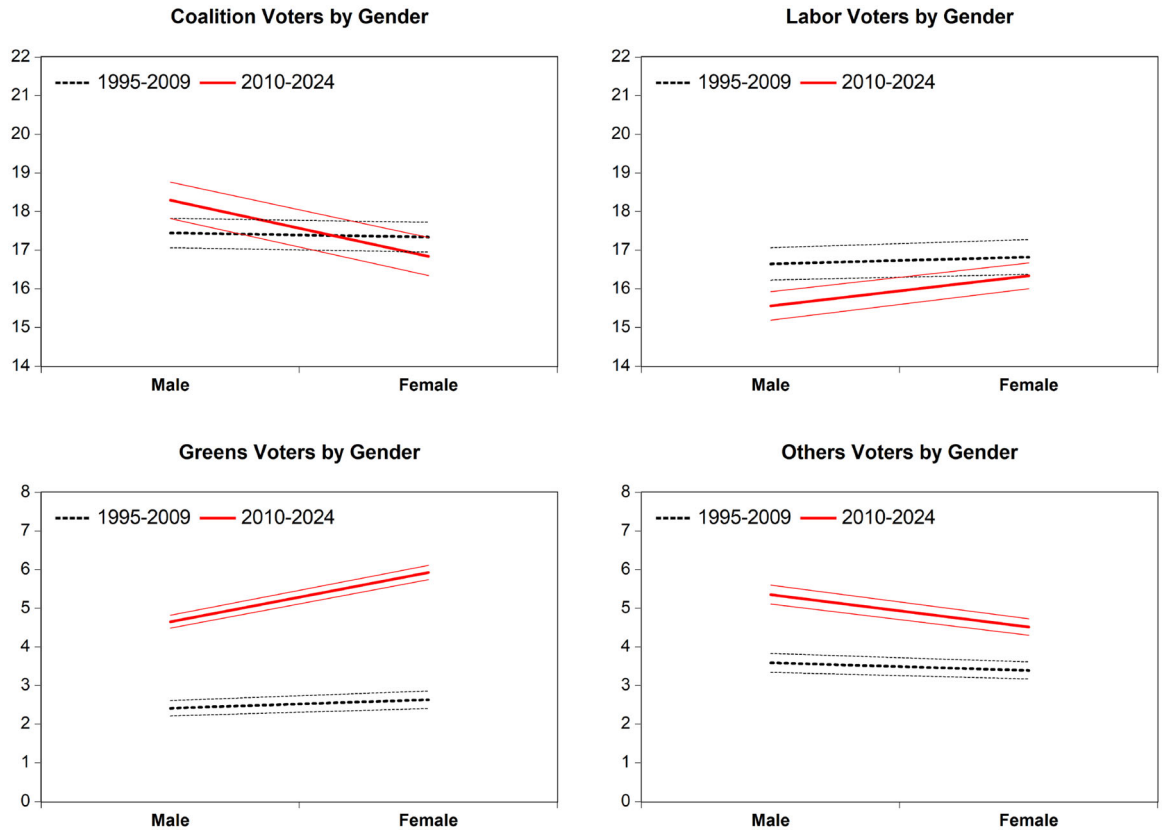

FIGURE 7 | Voters by gender.

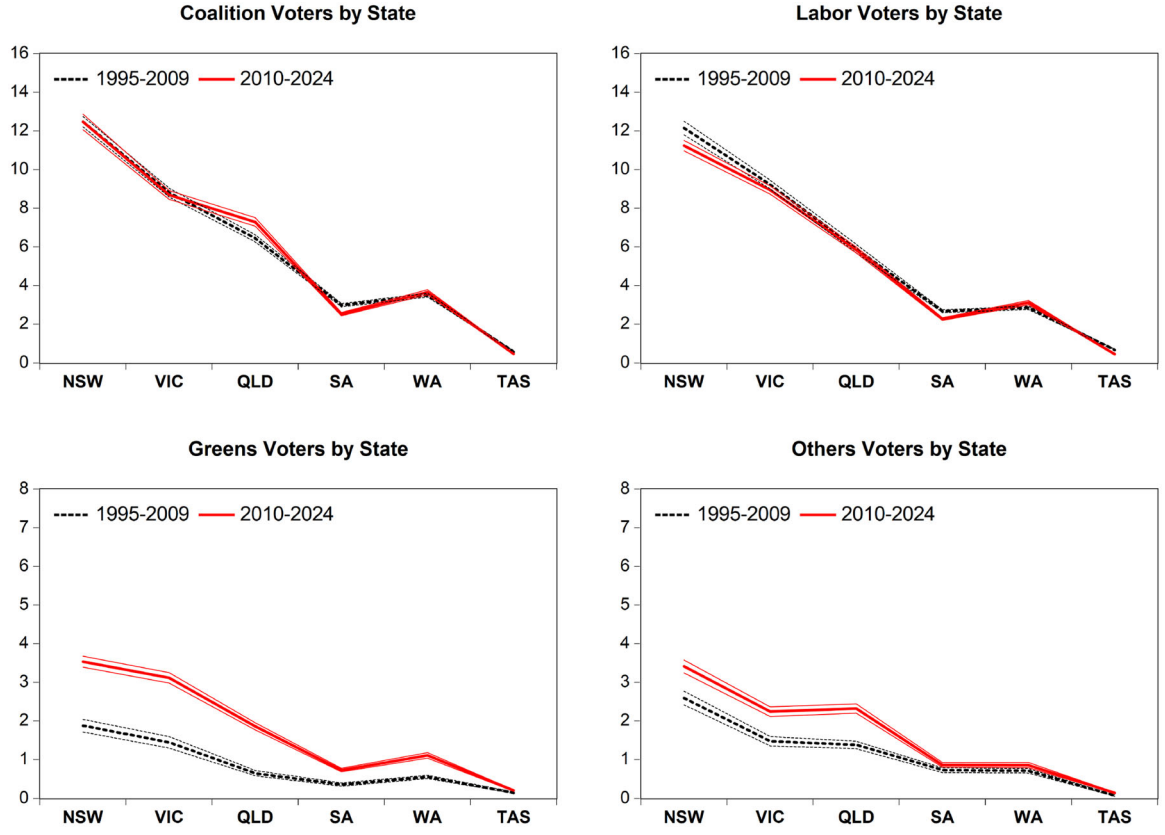

FIGURE 8 | Voters by location.

performing better among women and other minor parties and independents gaining more traction among men. Regionally, the largest shifts have occurred in New South Wales, Victoria and Queensland, suggesting that dissatisfaction with the major parties is emerging in the most populous and electorally significant parts of the country.

4 | Economic Disaffection and Minor-Party Support

In this section, we examine whether a deterioration in perceived or actual economic conditions contributed to the post-GFC rise in support for minor parties. We begin by comparing trends in consumer expectations—measured via retrospective and prospective economic evaluations—and real economic activity across two periods: 1995–2009 (pre-GFC) and 2010–2024 (post-GFC). We then use individual-level survey data to estimate statistical models of minor-party support conditional on respondents' economic sentiment.

4.1 | Changes in Expectations and Real Economic Activity

Following prior work (Lewis-Beck 1988), we focus on four indicators of economic sentiment: retrospective family finances relative to 12 months prior (*cff*), expected family finances in the next 12 months (*fff*), expected national economic conditions over the next 12 months (*ec12*), and expected unemployment conditions over the next 12 months (*cue*). The first two items capture personal economic evaluations—commonly referred to as 'egotropic' evaluations—which reflect voters' perceptions of their own household's financial situation. The latter two capture perceptions of broader macroeconomic conditions—also called 'sociotropic' evaluations—which concern views about the national economy as a whole. This distinction is widely used in the economic voting literature, which generally finds that sociotropic perceptions are more predictive of vote choice than egotropic ones (Lewis-Beck and Stegmaier 2000).

Figure 9 plots the trends in these sentiment measures using monthly survey data from 1995 to 2024. For *cff*, *fff* and *ec12*, we construct an index by subtracting the percentage of pessimistic responses from the percentage of optimistic responses and adding 100. This yields a scale where values above 100 indicate net optimism, values below 100 indicate net pessimism, and 100 reflects a neutral balance. For unemployment expectations (*cue*), the construction is reversed: the share of optimistic responses is subtracted from the share of pessimistic responses, and 100 is added. Higher index values indicate more pessimism.

Several patterns emerge. First, respondents exhibit persistent pessimism in their retrospective evaluations of household finances (*cff*) and expectations about future unemployment (*cue*). Second, prospective assessments of family finances (*fff*) tend to be more optimistic, while national economic expectations (*ec12*) fluctuate around neutrality. Third, and most importantly, all four sentiment indicators decline significantly in the post-GFC period. Compared to 1995–2009, average

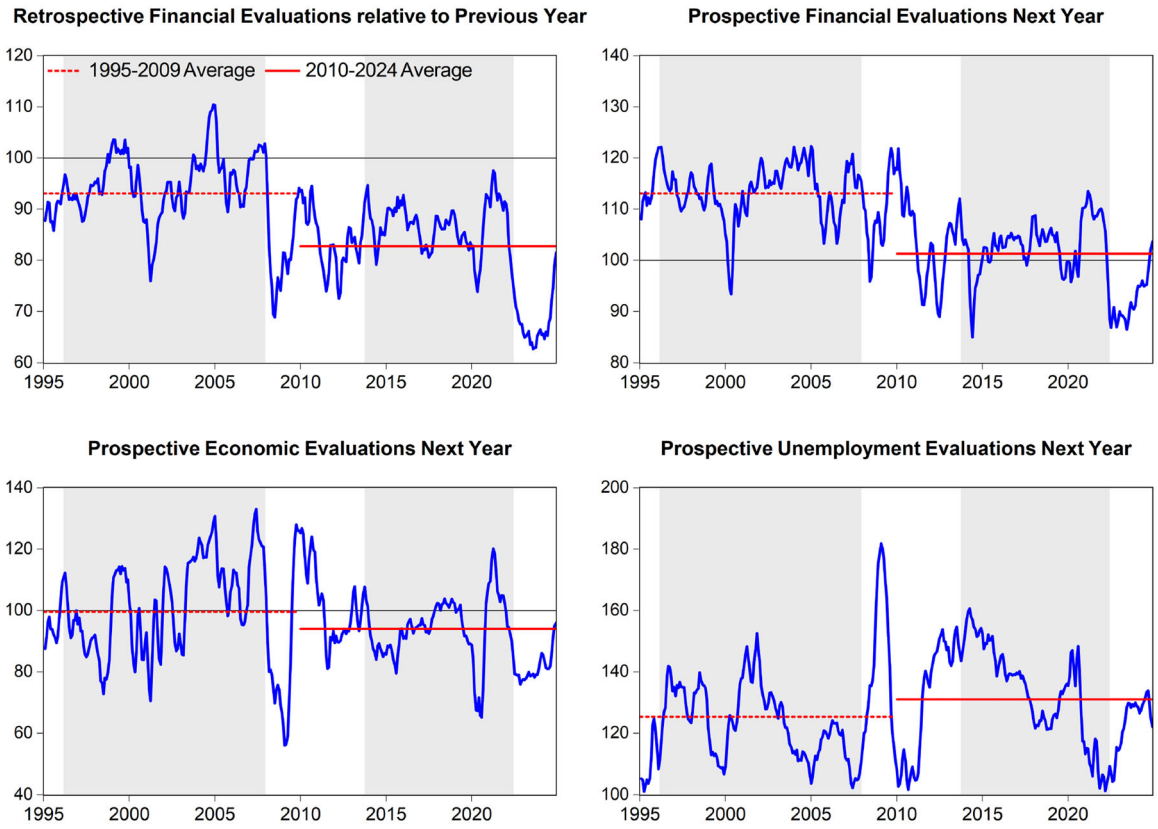

FIGURE 9 | Changes in consumers' perceptions and expectations.

sentiment between 2010 and 2024 is consistently lower across all measures.

The steepest declines appear in assessments of household financial conditions. The long-standing optimism in prospective financial evaluations (*fff*) effectively disappears post-GFC, with average scores falling to around the neutral threshold. Expectations about the national economy (*ec12*) fall below neutral for much of the 2010–2019 period—despite the absence of domestic recession—suggesting a structural decline in public confidence. The pre-GFC cyclicality in expectations gives way to a flatter, more pessimistic trajectory. Together, these patterns show that voters' assessments of their own finances and their outlook for the national economy worsened markedly after the GFC—evidence of mounting economic disaffection among Australian voters.

Disaggregating the data by age group (Figure 10) reveals that this decline in sentiment is broadly shared across the electorate. Nearly all age groups report more negative retrospective and prospective evaluations of personal and national economic conditions in the post-GFC period. Although younger respondents tend to be somewhat more optimistic overall, their sentiment also deteriorates markedly across all four indicators. The exception is the 65+ age group, whose retrospective financial evaluations remain relatively stable—likely reflecting greater reliance on retirement income, which is less sensitive to labor market conditions. By contrast, prospective views on national economic performance decline more steeply among older Australians, while expectations about unemployment worsen most sharply among younger respondents, consistent with heightened concern about labor market insecurity.

To complement these subjective assessments, we examine trends in real economic activity over the same periods. Figure 11 shows annual growth rates in real GDP and real GDP per capita. The former captures aggregate economic output; the latter provides a more direct measure of living standards. Average real GDP growth fell from 3.5% in the pre-GFC period (1995–2009) to 2.4% post-GFC (2010–2024). Growth in GDP per capita slowed even more sharply, from an average of 2.1% to just 0.9%. These declines are consistent with a broader pattern of stagnation in productivity and wage growth over the past decade (Bruno et al. 2023; Arsov and Evans 2018).

4.2 | Time-Varying Relationship Between Economic Perceptions and Minor-Party Support

Here, we analse monthly CASiE survey data from 1995 to 2024 to examine how the relationship between minor-party support and economic perceptions has evolved over time. Separate generalized additive logistic regression models are estimated for each of the four sentiment measures. In each case, the outcome is a binary indicator coded 1 if the respondent supported a minor party and 0 otherwise. Models adjust for respondent demographic characteristics (state, metropolitan area, gender and age) and allow the association between sentiment and minor-party support to vary flexibly over time through smooth functions of calendar time, interacted with the corresponding

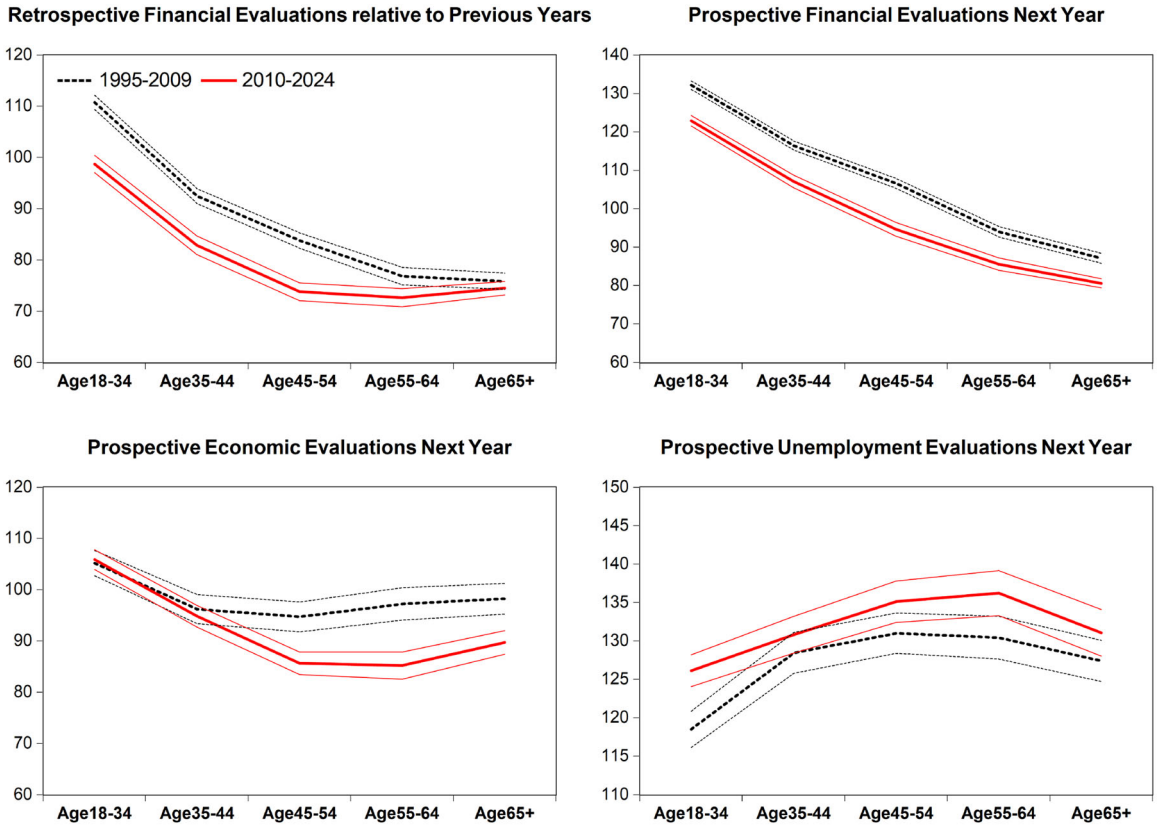

FIGURE 10 | Changes in consumers' perceptions and expectations by age.

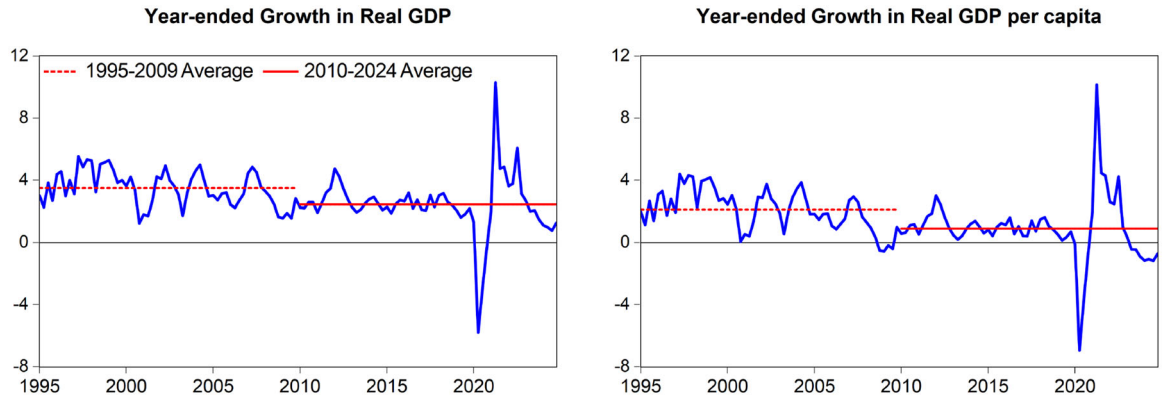

FIGURE 11 | Changes in actual economic activity.

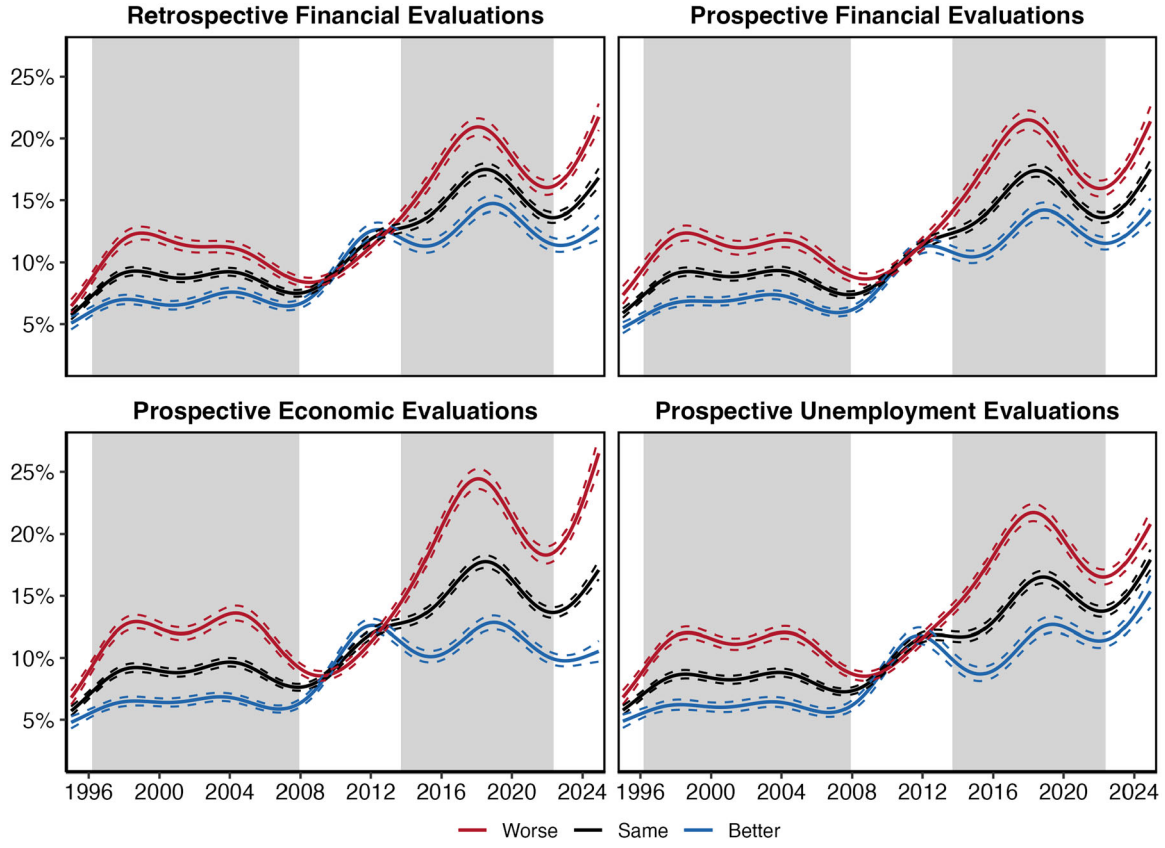

FIGURE 12 | Predicted Probability of Minor-Party Support by Economic Sentiment. *Note:* Predicted probability of minor-party support over time, estimated separately for individuals with pessimistic, neutral and optimistic economic sentiment. Estimates are based on generalized additive logistic regression models adjusting for respondents' age, gender, state and metropolitan area.

sentiment measure. Additional details are provided in Appendix C.

From the fitted models, we compute predicted probabilities of minor-party support at three fixed sentiment levels over time: worse (pessimistic), same (neutral) and better (optimistic). Figure 12 reveals several consistent patterns. Across all four measures, individuals with negative economic perceptions consistently exhibit higher probabilities of supporting minor parties than those with neutral or positive perceptions. While this ordering is stable over time, the magnitude of the sentiment gap varies notably across periods and measures.

In particular, the gap between pessimists and optimists narrows markedly during the Global Financial Crisis (2008–2012) and, to a lesser extent, during the COVID-19 pandemic. This convergence is consistent with prior work suggesting that severe economic shocks reduce the weight voters place on individual economic assessments when evaluating political options (Davies et al. 2021). Beyond these periods, minor-party support has risen steadily across all sentiment groups, reflecting broader

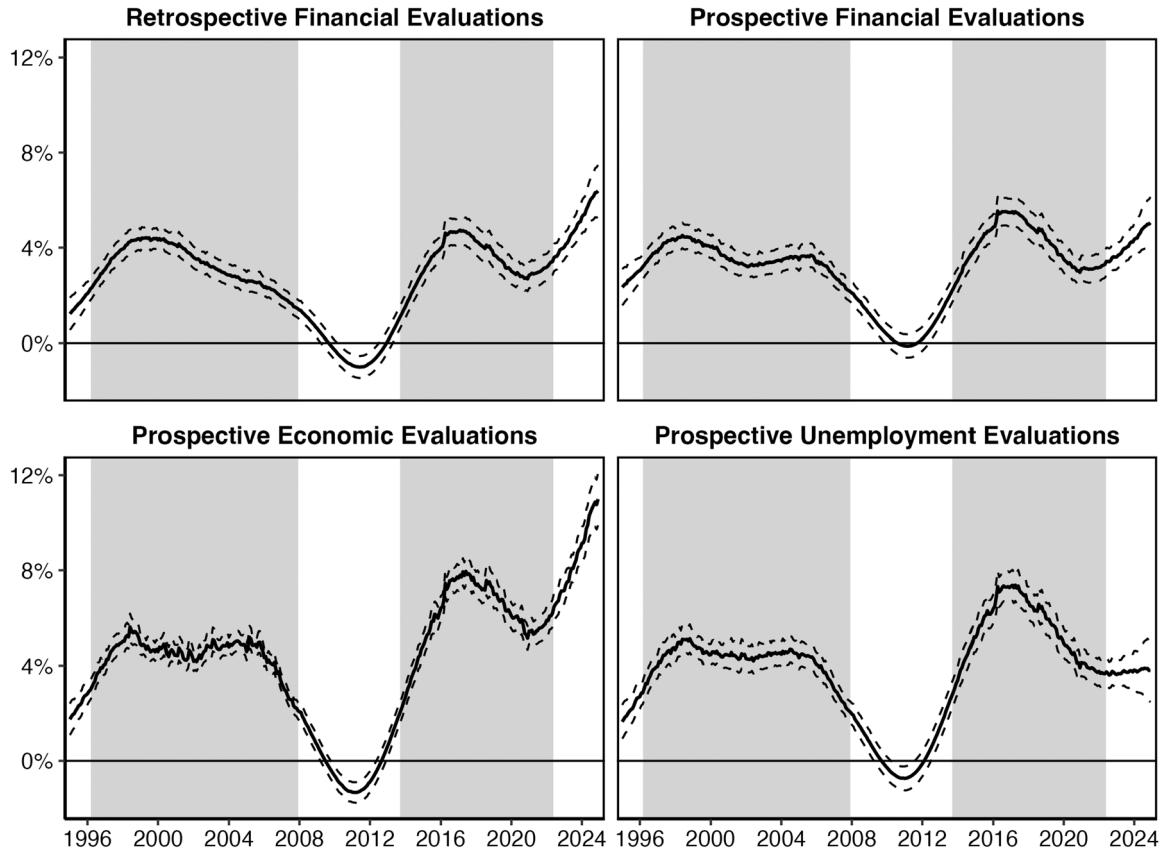

FIGURE 13 | Change in probability of minor-party support associated with a decline in economic sentiment. *Note:* Estimated average marginal change in the probability of minor-party support associated with a deterioration in economic sentiment, computed separately by month. Marginal effects are calculated as the unit-level partial derivative of the predicted probability with respect to sentiment, conditional on covariates, and averaged over the empirical distribution of covariates within each month.

shifts in Australian political discontent. The divergence between pessimists and optimists is especially pronounced in prospective evaluations of national economic conditions, where pessimists exhibit a sharp and sustained increase in minor-party support after 2013, while support among optimists remains comparatively flat. This asymmetric growth strongly suggests a growing role for economic grievances in fuelling support for minor parties.

To further characterize the association between economic sentiment and minor-party support, Figure 13 plots the marginal change in the probability of minor-party support associated with a one-unit deterioration in sentiment—that is, moving from optimistic to neutral, or from neutral to pessimistic. In this context, the marginal effect captures the instantaneous change in the predicted probability of supporting a minor party, conditional on covariates, and evaluated at each level of the empirical covariate distribution within a given survey month. Across all four measures, worsening economic perceptions are consistently associated with higher probabilities of minor-party support, though the magnitude and stability of these associations vary by measure and period.

As with the predicted probabilities, the marginal effects converge toward zero during the GFC, suggesting that the influence of economic perceptions temporarily weakened during the crisis period. However, from the mid-2010s onward, the marginal effects increase sharply—particularly for prospective economic and unemployment evaluations—indicating that negative future expectations about the broader economy have become increasingly predictive of minor-party support. In contrast, the marginal effects associated with retrospective and prospective family financial evaluations, while positive and rising, are more modest. These patterns demonstrate that political disaffection in Australia is increasingly structured around pessimism about national economic performance rather than purely personal financial circumstances.

5 | Conclusion

The erosion of support for Australia's two major parties has accelerated significantly since the Global Financial Crisis. This shift coincides with a pronounced decline in Australians' trust in government since 2007—a reflection of voter judgments that successive administrations have failed to deliver on key policy priorities. As voters increasingly view both Coalition and Labor governments as unresponsive to their needs, confidence in mainstream parties has waned. Using data from surveys spanning nearly 30 years, we find that voters have grown increasingly pessimistic about their own household finances and broader national economic prospects. This persistent economic disaffection has translated into rising electoral support for minor parties and independents, fundamentally reshaping Australia's political landscape.

The shift away from the political mainstream is broadly distributed across demographic groups, indicating widespread economic disaffection rather than isolated grievances. Younger Australians, facing acute housing affordability challenges and rising inequality, have increasingly supported the Greens, while older voters have turned to other minor parties and independents amid broader dissatisfaction with economic management. These patterns reflect a growing perception that major parties have prioritized symbolic measures and short-term political gains over structural reform. In housing policy, for instance, repeated expansions of first homebuyer grants and tax concessions have boosted demand without addressing supply constraints. Similarly, Royal Commissions into aged care, banking and disability services have identified systemic failures, yet governments have largely failed to implement core recommendations. These shortcomings have contributed to growing pessimism about economic conditions and declining trust in government.

While the rise of minor-party support may serve as an important signal for major parties to reconsider their policy strategies, it also presents significant risks. Perceived failures by major political parties to adequately respond to voters' needs creates fertile ground for populism and political extremism. Recent experiences in Europe and the United States illustrate how sustained dissatisfaction with mainstream political actors can lead to heightened polarization and political instability. Although Australia has not yet experienced the extreme polarization and democratic erosion observed elsewhere, current trends suggest the country is on a similar trajectory.

Major parties face a critical juncture. Failure to pursue substantive reforms in areas such as housing affordability and cost-of-living relief risks further eroding public trust, exacerbating political fragmentation and creating opportunities for more radical challengers. A continued emphasis on short-term political messaging at the expense of institutional and structural reform will deepen voter disillusionment and reinforce perceptions of unresponsiveness. In contrast, genuine and credible policy responses to voters' longstanding economic and social concerns would help restore confidence in mainstream institutions and reduce the risk of broader democratic instability in the future.

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Data Availability Statement

The raw data are not publicly available, but can be obtained via application to the Melbourne Institute of Applied Economic and Social Research.

Endnotes

[1] The survey was approved by the Human Research Ethics Committee at the University of Melbourne (Reference number: 2021-14006-14669-1).

[2] For details on the construction of the CSI, see Leahy and Summers (2004).

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Appendix

A. CASiE Survey Questions

[Q1.] (*cff*) About how people are getting along financially these days? Would you say you and your family are better-off financially or worse-off than you were at this time last year?

1. Better-off
2. Same
3. Worse-off
4. Uncertain/Don't Know/It depends

[Q2.] (*fff*) Looking ahead to this time NEXT YEAR. Do you expect you and your family to be better-off financially—or worse-off—or about the same as now?

1. Better-off
2. Same
3. Worse-off
4. Uncertain/Don't Know/It depends

[Q3.] (*ec12*) Thinking of economic conditions in Australia as a whole. During the next 12 months, do you expect we will have good times financially, or bad times, or what?

1. Good times
2. Good with qualifications
3. Some good, some bad
4. Bad with qualifications
5. Bad times
6. Uncertain/Don't Know/It depends

[Q4.] (*cue*) Now about people being out of work during the coming 12 months. Do you think there'll be more unemployment than now, about the same, or less?

1. More unemployment
2. About the same/Some more some less
3. Less unemployment
4. Don't Know

B. 6-Item Primal World Beliefs Inventory

Below are very general statements about the world—not the world we wish we lived in, but the actual world as it is now. Please share your sense of agreement or disagreement. When in doubt, go with what initially feels true of the real world. There are no wrong answers. There's no need to overthink.

1. Most things in the world are good.
2. In life, there's way more beauty than ugliness.
3. Most things have a habit of getting worse.
4. On the whole, the world is an uncomfortable and unpleasant place.
5. Good things in the world outweigh the bad things.
6. On the whole, the world is a bad place.

Response options include: Strongly Agree (5), Agree (4), Slightly Agree (3), Slightly Disagree (2), Disagree (1), Strongly Disagree (0).

For the PI-6, the total 'Good' score is obtained as:

$$\text{Good} = \frac{(\text{g1} + \text{g2} + \text{g3 r} + \text{g4 r} + \text{g5} + \text{g6r})}{6},$$

where g is the item, and r indicates that the item is reverse-coded. Higher (lower) values suggest a more optimistic (pessimistic) view of the world.

C. Estimation Details for Time-Varying Models

For each of the four measures of consumer sentiment, we estimate the following generalized additive logistic regression model:

$$\text{logit}(\Pr(Y_{it} = 1)) = X_{it}\beta + s_1(\text{date}_t) + s_2(\text{date}_t) \times \text{Sentiment}_{it}, \quad (1)$$

where:

- Y_{it} is an indicator equal to 1 if individual i at time t reports voting for a minor party, and 0 otherwise.
- X_{it} is a vector of respondent demographic controls, including: state and territory fixed effects; an indicator for residing in a metropolitan (vs. regional) area; an indicator for female (vs. male); and indicators for age groups 18–24, 25–34, 35–44, 45–54, 55–64 and 65+.
- Sentiment_{it} denotes the categorical measure of consumer sentiment for individual i at time t, recoded to take values -1, 0 or 1. Specifically, $\text{Sentiment}_{it} = -1$ if the respondent reports an optimistic view (e.g., 'better'), 0 if the respondent reports a neutral view (e.g., 'same'), and 1 if the respondent reports a pessimistic view (e.g., 'worse').
- $s_1(\cdot)$ and $s_2(\cdot)$ are smooth functions of calendar time (measured continuously in fractional years), modelled using penalized regression splines.

The model allows the baseline probability of minor-party support and the association between sentiment and minor-party support to vary flexibly over time through separate smooth functions. Smooth terms are estimated using penalized thin-plate regression splines with a maximum basis dimension of $k = 10$. Model fitting is performed by maximizing the penalized likelihood via fast restricted maximum likelihood (fREML).

For Figure 12, we computed predicted probabilities of minor-party support conditional on fixed values of sentiment ($\text{Sentiment}_{it} \in -1, 0, 1$), holding other covariates at their observed values. Specifically, for each fixed sentiment value and survey month t, we calculate:

$$\hat{p}_t(s) = \frac{1}{N_t} \sum_{i \in t} \Pr(Y_{it} = 1 \mid \text{Sentiment}_{it} = s, X_{it}), \tag{2}$$

where N_t is the number of respondents in month t, and $s \in -1, 0, 1$ indexes the fixed sentiment levels (better, same, worse). Predicted probabilities are reported on the response (probability) scale.

To characterize the time-varying relationship between consumer sentiment and minor party support, we estimate the marginal effect of a one-unit deterioration in sentiment separately for measure of consumer sentiment. The unit-level marginal effect for individual i at time t is defined as:

$$\text{ME}_{it} = \frac{\partial}{\partial \text{Sentiment}_{it}} \Pr(Y_{it} = 1 \mid X_{it}), \tag{3}$$

where the derivative is taken on the probability scale (i.e., after transformation through the inverse logit function). For each month t, we compute the average marginal effect:

$$\text{AME}_t = \frac{1}{N_t} \sum_{i \in t} \text{ME}_{it}. \tag{4}$$

where N_t denotes the number of respondents in month t. The resulting series of monthly estimates, shown in Figure 13, represents the average instantaneous change in the predicted probability of minor-party support associated with a one-unit decline in sentiment, conditional on covariates and averaged over the empirical distribution of respondents within each wave.