Australia: Former PM Fraser calls for coalition

Our reporter
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Former Australian Prime Minister Malcolm Fraser has called for a grand coalition of the Liberal and Labor parties in the event that the right-wing One Nation party holds the balance of power after the next federal election.

In a television interview last week, Fraser said the Liberals should consider forming a government with Labor to prevent such an outcome. A government of national unity had to be considered, rather than any deal with One Nation.

Fraser said racism was so great an evil that to prevent it 'having an influence in Australia within the body politic, in the Senate or in the House of Representatives, it would be desirable for both the Labor Party, the Liberal Party and the National Party to cooperate in providing the best government they could for this country, pending a later election in which hopefully the One Nation influence would be entirely diminished.'

Fraser predicted that unless there was a 'significant change' between now and election day, it was possible that the One Nation party would end up with between five and seven seats in the House of Representatives. Such an outcome would result in a 'hung parliament' with One Nation holding the balance of power.

Labor Party leader Kim Beazley rejected the suggestion of a coalition but said he respected Fraser for taking an 'honourable' position.

Fraser's call came after a series of policy reversals for the Howard government and signs of divisions emerging within its ranks, including a possible leadership challenge from deputy Liberal Party leader and Treasurer Peter Costello.

The biggest policy blow to Prime Minister Howard is the decision not to proceed with the 100 percent privatisation of Telstra, the telecommunications organisation. Faced with opposition from One Nation and a threatened revolt from within the ranks of the National Party, the junior partner in the coalition government, the cabinet decided that no more than 49 percent would be sold, and then only after an inquiry.

Only a week ago Communications Minister Richard Alston had insisted the full sale would proceed, regardless of the 'headless chooks' opposing it in the National Party. But two days later the hapless Alston was given the job of informing a farmers' conference of the government's reversal.

Despite the policy backflip on the unpopular Telstra sale, opinion polls showed that the government's rating continued to decline, dropping to one third - its lowest since its 1996 election landslide result. The Labor Party however fared no better with its rating falling by 4 percent.

The polls showed continuing support for One Nation with its rating running at between 15 and 20 percent in some areas.

The plummeting opinion polls, which indicate that the government could be the first since the Great Depression to last only one term, are fuelling leadership tensions. After dropping the Telstra sale, the federal Cabinet assembled in the provincial city of Bendigo in an effort to woo regional and country voters.

But any chance of a 'positive spin' being placed on the meeting was lost when Costello ignited leadership speculation by confirming that backbench Liberal MPs had approached him about replacing Howard.

Policy differences between the two are related to the timing of the release of a proposed tax package, which will feature the introduction of a Good and Services Tax (GST). Howard reportedly wants to unveil the package as soon as possible, perhaps within two weeks, in an effort to regain some electoral momentum for the

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government.

Costello, however, is pushing for a delay until the very eve of the election, for which no date has yet been set. His concern is to lessen the time for opposition to the tax package to emerge before going to the polls. Some of his supporters, and other MPs who fear losing their seats, are publicly calling for a delay until after the August 29 election in the state of Tasmania. Their concern is that if the tax package were released before then, the likely defeat of the state Liberal Party government would be the first, disastrous, electoral test of the tax proposal.

But further delay would mean another month of policy paralysis. Media commentators and business representatives are already castigating the government for its continual waverings and policy shifts.

Writing in the *Australian Financial Review* last Saturday Michelle Grattan commented: 'It's been a week of collapse of almost everything to do with the Howard government - of policy, of discipline, of any perception of faith in its leadership. A deep pall of depression surrounds the Prime Minister.' As the headline for the comment put it: 'Things are falling apart.'

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