

Amid global economic meltdown

## Australian government calls crisis election

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Driven by the global economic meltdown, the Howard government announced a snap election on Sunday, with voting to take place on October 3. It has called the poll with the minimum legal notice of five weeks, and at a time when no federal election campaign has been held before, in the midst of national and international sporting fixtures, culminating on a long weekend in the middle of school holidays. Prime Minister John Howard's three-year term does not expire until next March and he could have delayed an election until May.

Despite the government's record 1996 victory, where it won a majority of 43 seats in the 148-seat House of Representatives, media pundits and pollsters have refused to predict the outcome of the election. Such uncertainty reflects the volatility of the political situation and the lack of popular support for any of the traditional capitalist parties--the ruling Liberal-National Party Coalition, the opposition Labor Party and the Australian Democrats.

Two factors propelled Howard's Sunday morning announcement. The first was the economic crisis. In the two days before Howard's statement, the Australian dollar fell to a record low of just over US 55 cents, and some \$7 billion was wiped off Australian share prices last Friday. Both reflect the national economy's vulnerability to the slump sweeping world share markets. Highly dependent on the export of raw materials, Australian capitalism has been hit by the plunge in world commodity prices and growing signs of global recession.

Up until last week, Howard and his Treasurer, Peter Costello, were still claiming that their cuts to the Budget deficit had 'firewalled' the Australian economy from the crisis that began in Asia just over a year ago. Now they have abruptly changed tack, literally seizing upon the economic turmoil as the best hope for electoral survival. Announcing the election, Howard said that because of the hostile international environment, the election would be fought on the issue of 'economic management and economic competence'.

It seems that the Coalition is hoping that fear of economic

uncertainty will convince voters not to risk a change of government. Apparently, it has conducted polling which indicates that voters are looking for a strategy or 'plan' to answer the economic decline. Accordingly, Howard used the term 'plan' no less than 12 times during his brief election announcement. Likewise, Labor Party leader Kim Beazley is restating, *ad nauseam*, that he will offer 'a plan to build a nation'.

Such poll-driven electioneering is of course not new. But it has reached a new level of cynicism in this campaign. Those in ruling circles know there is nothing any Australian government can do to prevent the looming global slump from engulfing the local economy. Writing in the *Australian Financial Review* on Monday, former Secretary to the Treasury, Tony Cole commented that the country was 'on the edge' of a crisis, with no instruments of economic policy available to make any difference.

If the government tried to boost the economy, it would trigger 'an extremely adverse reaction on the international currency markets,' he warned. 'If you cut interest rates to stimulate the economy, the [Australian] dollar would be dumped and international lenders would force us to pay more for our money, and rates would be forced back up again even higher than where they started...'

'So if activity starts to run down because of the contribution from the external sector, there is nothing they can do about it. The only thing they can do is to keep people calm, and so far they have done that brilliantly. Even having an election in this sort of climate is probably a good idea--because it distracts people.'

The second factor driving the sudden election is a concern to cut short discussion on the government's policies, particularly its just-released consumption tax scheme. Over the past two weeks, the government's attempt to portray the package as a boon for all, delivered in the form of income tax cuts, has increasingly unravelled.

On one hand, welfare agencies, among them the Australian Council of Social Service, have pointed out that the tax cuts overwhelmingly favour the highest income earners,

increasing the regressive impact of the 10 percent Goods and Services Tax (GST). On the other, the economic crisis has shattered the government's claims that it would finance tax cuts through high growth rates. Costello is now scheduled to downgrade the growth forecasts on Wednesday.

The government even prevented debate on the tax scheme in parliament. By making his announcement on Sunday, Howard halted parliament's resumption the next day. Labor made no protest because its rival tax package, promising even greater income tax cuts than the government's, is based on equally unreal predictions of continued economic growth.

The question of calling an early election has dogged the government since the beginning of the year. Big business has demanded that the Coalition move swiftly and decisively to implement far-reaching measures against the working class, including the GST, the destruction of jobs and conditions on the waterfront and in other key industries, and full privatisation of the telecommunications company Telstra.

However, the government has suffered one setback after another. At Easter time, it moved simultaneously to smash conditions on the waterfront and push through amendments to the Aboriginal native title legislation, setting the trigger for a quick dissolution of both houses of parliament. However, its legally reckless waterside operation backfired.

Then the Coalition was rocked by results of the June 13 Queensland state election. Spouting a mixture of nationalism and populism, the extreme rightwing One Nation party obtained 23 percent of the vote, allowing Labor to form a minority government. Suddenly, there was a prospect of a similar result nationally, producing a 'hung' parliament, with One Nation holding a balance of power.

Within weeks, the government's Bill to sell off the remaining two-thirds of Telstra was stymied in the Senate at the last minute, reflecting the government's mounting difficulties in administering widely unpopular policies. Plans to release the government's tax package were then delayed until mid-August, surrounded by conflicts between Howard and Costello over its timing.

At that time, government sources let it be known via media leaks that Howard would wait to assess the public response before deciding on an election this year. This prevarication has now been swept aside by the economic breakdown.

Yet, just the day before Howard called the election, the reason for his nervousness was underscored by the results of another state poll, in the southern island state of Tasmania. Although vote counting and the distribution of preferences may have to continue until next week, the Rundle Coalition government has almost certainly lost office narrowly to Labor.

That defeat came despite a last-ditch effort by Premier

Tony Rundle, like Howard, to play upon fears generated by the global crisis. Rundle advocated the sale of the state's \$4 billion hydro-electricity network, with the funds to be used to reduce the state's debt burden. Moreover, Howard personally intervened into the state election campaign to pledge to forego \$150 million in debts to the federal government--if the hydro scheme was sold.

During that election, the Liberal and Labor parties joined hands in a special parliamentary sitting to reduce the size of the state's lower house from 35 to 25 MPs in an effort to freeze out independents and third parties, including the Greens and One Nation. For the past decade, such is the animosity toward Labor and Liberal that successive state governments have been forced to rule in formal or de facto coalition with the Greens. The Greens readily collaborated in the slashing of education, hospitals and the public sector as a whole. Nevertheless, both major parties feared the increasing instability of hung parliaments and minority governments.

Such deep-seated popular hostility exists nationally after a two-decade onslaught on jobs, living standards, working conditions and social services by both Coalition and Labor governments to meet the dictates of the financial markets and corporate investors.

Regardless of which party forms the next government, it will intensify these attacks. In its opening editorial on the election campaign, the *Australian Financial Review* lamented the 'backsliding' and 'befuddlement' of the Howard government on the waterfront, Telstra and other issues. 'Australia must accelerate the removal of impediments to the operation of market forces,' it declared.

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Socialist Equality Party Election Statement:

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[5 September 1998]

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