

2001 Australian elections: The political issues facing the working class

Socialist Equality Party of Australia
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The two most notable features of the 2001 Australian election campaign are the yawning gulf that exists between the official political apparatus and the majority of the Australian population, and the almost identical policies of the major parties. The Liberal-National coalition parties and the Australian Labor Party (ALP)—which have formed the bedrock of the parliamentary system throughout the past century—are despised by masses of ordinary people, who no longer trust or believe politicians or their promises. Electoral support for the two parties has dropped to all-time lows, with record numbers of people expressing their disgust by voting for Independents or minor parties. If voting were not compulsory, masses of people would abstain.

Indeed, one could postulate a new political law: the greater the popular hostility toward them, the more closely Labor and the conservatives draw together. In this election, both the foreign and domestic policies of the two parties are virtually indistinguishable. Prime Minister Howard has seized upon the terror attacks of September 11 and the US led-war in Afghanistan as the best available means for shoring up his electoral prospects and deflecting popular resentment to his government's policies. Without so much as a debate in parliament, let alone a vote, Labor leader Kim Beazley has extended his full bipartisan support to the war and to Howard's troop deployment. Notwithstanding the rhetoric about defending freedom and democracy, both parties have conspired to push through unprecedented anti-democratic measures and scrap the most fundamental democratic processes.

The Australian people have not been consulted, nor have they received any details or evidence. They have simply been told that the Prime Minister is committing military forces to a "war against terrorism" which is open-ended and of indeterminate length, which may involve further troop commitments and extend beyond Afghanistan, which is expected to result in heavy casualties and requires the immediate curtailing of civil liberties.

The Socialist Equality Party unequivocally opposes the US-led war in Afghanistan. The general population is being denied information because the real aims behind the intervention are being covered up. The US ruling elite is cynically manipulating justifiable public horror at the terror attacks of September 11 to pursue its long-cherished agenda: establishing US hegemony over the vast oil and gas reserves of Central Asia.

For his part, Howard has rushed to squeeze from the situation the maximum advantage he possibly can. Backing the United States in its war drive reinforces ANZUS—the US-Australia military alliance—without which Australia's position in the Asia-Pacific region would be severely undermined. In the wake of the intervention into East Timor, the ruling establishment calculates that the deployment of troops to Central Asia, no matter how small and insignificant, will serve as a down payment on future assistance from Washington in its own economic and strategic sphere of influence.

According to the opinion polls, Howard's strategy achieved some early success—with his popularity soaring for the first time in years. But three

weeks into the election campaign there is a growing sense among ordinary people that they are not being told the whole story. Political commentators are already expressing concerns that public support for the war is superficial and could rapidly dissipate.

Howard's endeavours to run a "war election" have been supplemented by his vicious political and ideological campaign against refugees fleeing war, persecution and poverty in the Middle East and Asia. This, too, has been fully backed by Labor. In their unified descent into open state thuggery against thousands of desperate "boat people", both parties have revealed their true colours. Neither Howard nor Beazley has any solution to the economic and social crisis facing working people. Unable to address the fears and insecurities created by their own policies, they turn on the most vulnerable sections of society. The most recent drowning tragedy, which was obscenely welcomed by Immigration Minister Philip Ruddock as a salutary lesson to other potential arrivals, is a direct outcome of their bipartisan refugee policy. It will not be the last.

Well before the events of September 11, Howard began openly playing the race card. The now infamous *Tampa* refugee crisis—in which more than 400 Afghani asylum seekers were barred from entering the country—was consciously provoked by the government in late August as a means of whipping up anti-immigrant xenophobia.

From the middle of last year Howard and Ruddock stepped up their attacks on refugees and authorised increasingly repressive measures against asylum seekers being held in detention centres, under the government's mandatory detention policy.

Their campaign has been designed to invoke one of the country's most notorious traditions. In 1901, one of the first acts of the new parliament was the Immigration Restriction Act, more commonly known as the White Australia policy. It restricted immigration to whites only, on the basis that a non-racist policy would see hordes of Asian aliens overrunning the nation, destroying jobs and living standards in the process. The White Australia policy was particularly championed by the ALP, the emerging trade union aristocracy and a whole host of petty bourgeois populists. They sought to defuse and derail the class struggle *within* the country by railing against an alleged common enemy *outside*.

Farmers, small businesspeople and more backward layers of the working class were the most susceptible, especially in times of economic hardship. White Australia rhetoric was utilised to divert attention from the real source of the crisis in the profit system itself.

Fanning White Australia prejudice has been one of the hallmarks of John Howard's political career. He has worked to cultivate a social base for his free-market economic agenda among the most confused and disoriented layers of the petty bourgeoisie. In 1988, under conditions of growing economic crisis and militancy in the working class, Howard began to publicly advocate cuts to Asian immigration. In 1994, after the Liberals lost the 1993 election due to widespread opposition to their proposed Goods and Services Tax, he told the party not to "underestimate the significance of Australian nationalism as a potent political issue".

A few months after winning office in 1996, Howard brought down his first budget, implementing the largest public spending cuts in history. Soon after, he praised the lifting of the “pall of censorship,” when Pauline Hanson, an ultra-right renegade Liberal, delivered her maiden parliamentary speech denouncing Aborigines and Asian immigration. During the past year, Howard and Ruddock have frequented talkback radio to foment racist and xenophobic sentiment.

After September 11, government spokesmen went a step further and began linking immigration with terrorism. Their comments, along with inflammatory articles in the tabloid media, were directly responsible for inciting numerous acts of violence against the Muslim community.

The unprecedented degree of unanimity between the two major parties has deepgoing significance. It represents the culmination of a protracted process whereby the entire structure of official politics has moved sharply to the right. The Labor Party, formed by the trade unions more than 100 years ago to defend the interests of working people has been thoroughly transformed.

In the three decades following the Second World War, both parties pursued a reformist perspective, aimed at defusing the class tensions that had erupted during the 1930s Depression and after the war, raising the spectre of social revolution. Concessions were made to the working class in the form of full employment, rising wages and living standards, social services and the maintenance of the welfare state. A social safety net was established to provide a certain level of protection for the aged, the unemployed and the sick.

Following the political and social upheavals of the late 1960s and early 1970s and the recession of 1974-75, the ruling class made a sharp turn. Confronting growing competition in an increasingly volatile world economic environment, the ruling class organised the Canberra Coup of November 1975, ousting the Whitlam Labor government through extra-parliamentary means. Its aim was to begin clawing back the gains won by the working class in the previous decades.

Instead, however, a seven-year interregnum followed. Compromised by his role in organising the coup, Malcolm Fraser’s government made no significant inroads. It was the Hawke Labor government, backed by the most powerful sections of the ruling establishment that began the sustained offensive against the conditions of ordinary workers that marked the 1980s and 1990s.

In the name of international competitiveness, Hawke and Treasurer Paul Keating undertook a major restructuring of Australian capitalism, opening the economy to the free-flow of international capital through the deregulation of the currency and the banks. The centrepiece of the Labor government’s strategy was its Accord with the ACTU, which was put in place to suppress and derail the type of militant industrial movements that had emerged in the recessions of 1974-75 and 1981-82.

Under the Accord the trade unions isolated and betrayed one major strike after the other, enabling the employers to launch an historic assault on jobs, wages and working conditions and to fundamentally reshape relations in the workplace. Driven by the dictates of finance capital, the Labor government presided over an unprecedented reversal in the social position of the working class, while at the same time enriching a significant layer of the middle class.

By 1988 mounting hostility to Labor’s pro-market program resulted in miners and other sections of the working class demanding that their unions break with the Accord and disaffiliate from the ALP. Labor’s vote in the 1990 federal election was the lowest since 1910. The party only won office through preference deals with minor parties and Independents.

The ruling class responded to the recession of 1991 and a growing crisis in the Australian economy by demanding far greater attacks. Hawke’s consensus politics—his emphasis on the unions as the mechanism for breaking the back of opposition in the working class—which had served so well for the previous eight years, were regarded as no longer adequate to

the task at hand. The business chiefs required a new offensive, and backed Paul Keating to carry it through.

The employers’ main preoccupation was to break down the relatively high wages of Australian workers. As one commentator put it at the time: “The 1990s is going to be ... a decade of reckoning on wages policy that will change the economic landscape of Australia.”

The policies that have been pursued by Howard since 1996 are a continuation of those pioneered by Labor during the 90s. “Reciprocal obligation” and cheap labour schemes, introduced under Keating, were used to force the growing army of unemployed workers into part-time casual jobs. Enterprise bargaining replaced the old wages system. Mass unemployment was used to browbeat full-time workers into sacrificing hard-won conditions.

With the accelerating global integration of production, big business and the finance markets demanded the breakup of all the old mechanisms of national regulation. Articulating the changing needs of the Australian ruling class—whose predominant economic and strategic focus was shifting away from the US and Europe to the Asian region—Keating began to fashion a new nationalism. In place of the isolationist White Australia, he advocated Asian integration, multiculturalism, Aboriginal reconciliation and a new Australian republic—all aimed at lifting Australia’s international image within the Asia-Pacific region.

Keating’s “vision” politics were also aimed at forging a new social base for Labor’s policies. Throughout the 1990s, Labor shifted its focus and appeal away from the working class towards the “aspirational layers,” those sections of the middle class who benefited from its free market agenda. By 1996, the anger and resentment that had been building up for 13 years among ordinary working people towards the party’s big business agenda exploded to the surface. The Keating government was defeated with the largest ever anti-Labor vote recorded in working class electorates.

In the wake of Keating’s demise, one of the most right-wing figures in the ALP was installed as its leader. As Defence Minister from 1984-90, Kim Beazley was known to his Labor colleagues as “Bomber” Beazley, “Dr Strangelove” and “Minister for World War III.” As Finance Minister from 1993-1996, he played a key role in implementing Labor’s privatisation agenda.

As Opposition leader, he initially tried to put a “caring” face on Labor’s policies, opposing the proposed Goods and Services Tax (GST), for example, in 1998 on the grounds that it punished the poor. Since then, Beazley has embraced not only the government’s anti-refugee policies, the war in Afghanistan and the GST, but virtually the entire political and economic agenda advanced by John Howard—a man notorious for being the Liberal Party’s pre-eminent economic rationalist during the past two decades.

* In this election, both Howard and Beazley have made their priority the maintenance of a budget surplus. This amounts to an open commitment to a free market agenda, and a pledge to big business that government policy will be subordinated to the dictates of capital. In the highly likely event of continued downturn, the various cosmetic election promises being thrown around by both parties in the last weeks of the campaign will be broken.

* Neither party will address the deepening crisis in public hospitals, schools, housing and childcare by raising taxes. Both want to cut corporate and income taxes further—again disproportionately benefitting the rich. Howard’s promised tax rebate for first-time mothers will see the wealthy few gain up to five times more than ordinary working women or the unemployed.

* The ALP will maintain the GST. Beazley’s much-vaunted “rollback,” has turned out to be a farce. It amounts to less than \$1 in \$30—and even then, only after 18 months, and only within the bounds of “budgetary constraints”.

* Notwithstanding his “Knowledge Nation” rhetoric about expanding educational opportunities, Beazley fully supports the Coalition’s

privatisation agenda. Over the past five years, the Howard government's public education cuts have exacerbated the already vastly unequal two-class education system. In 1996, the ALP voted for Howard's "benchmark enrolment adjustment" formula, a mechanism for transferring tens of millions of dollars of government funds from public to private schools. In December 2000, it supported the introduction of a new formula, under which almost two-thirds of federal government spending on education will be directed to private schools, where just 30 percent of students are enrolled.

* Likewise, Labor has supported Howard's moves to privatise the public health system. In February 2000, Beazley announced that Labor would maintain the Liberals' 30 percent private insurance rebate scheme, which allocates more than \$2 billion of government health funds each year as a subsidy to private health insurers at the direct expense of understaffed, under-resourced and crisis-ridden public hospitals.

* The ALP remains fully committed to "mutual obligation," a euphemism for the creation of a cheap labour force through Work-for-the-Dole schemes and obligatory community work for the unemployed, as well as the winding back of the welfare state. With Beazley's support, the Howard government has scrapped the social security system, under which the unemployed, the disabled and the infirm were guaranteed a certain level of income support, and replaced it with a "Participation Support Program" under which recipients are obliged to accept any kind of job, unpaid work or specified training, or be denied assistance.

* The ALP will maintain the privatised Job Network, which was introduced by the Howard government, at a cost of thousands of jobs, after it abolished the government-run Commonwealth Employment Service (CES). The focus of the new system is to coerce the unemployed into cheap labour, rather than assist them in finding work.

Despite their claims to the contrary, the minor parties present no alternative. The Democrats and Greens endorse the war—albeit under the aegis of the United Nations, and insist upon a restrictive immigration policy—albeit one that might admit a few more refugees each year. Democrats leader Natasha Stott Despoja and Greens Senator Bob Brown continue to peddle the time-worn illusion that social reforms can still be won and democratic rights defended by exerting parliamentary pressure on the Liberal and Labor parties. Pauline Hanson's One Nation party unashamedly promotes racism and national chauvinism in order to channel disaffection with the major parties into an extreme rightwing direction.

Some of the candidates make reference to rising social inequality and attack government cutbacks. But the minor parties and the myriad of independents all work to obscure the fact that the source of the deepening crisis lies in the profit system itself. Whatever their tactical differences, the Coalition, the ALP, the Democrats, the Greens, One Nation and the Independents, accept and defend the framework of the present social order.

The eruption of militarism, racism and chauvinism to the forefront of political life, however, expresses, in a particularly malignant form, the depth of the contradictions wracking the world capitalist system.

The only progressive solution lies in developing an independent political movement of the working class, aimed at reorganising society from top to bottom on the basis of genuine democratic, egalitarian and socialist principles. That is the perspective of the Socialist Equality Party, the Australian section of the International Committee of the Fourth International, and its international political organ, the *World Socialist Web Site*.

Australia enters the 21st century as one of the most economically unequal and socially polarised societies in the so-called developed world. Neither Labor nor the Coalition parties can begin to address the social crisis this has produced, because they both remain wedded to the economic order responsible for it.

Despite the economic expansion of the 1990s, with growth rates of 3 or 4 percent per year for nearly a decade, the levels of social inequality have dramatically intensified. Closer examination reveals that only a small layer has prospered at the direct expense of the majority of the population.

The popular image of Australia as an egalitarian society has always been a myth. Nevertheless, between 1915 and 1969 there was a steady decline in income inequality, which continued, albeit more gradually until 1981. From then on, the gulf between rich and poor grew rapidly. The middle began to "hollow out" while the number at the top and bottom of the income scale increased. Between 1986 and 1996, the number of high-income households grew by 30 percent, while the number of low-income households increased by over 80 percent. There was virtually no growth in the middle.

To superficial observers, references to an intractable social crisis seem incomprehensible. They point, for example, to the strong growth in employment and average real earnings during the 1990s. But averages present a highly distorted picture. It is true that, on average, the income of all Australian households rose during that decade. But for the bottom 40 percent, it fell by between \$13 and \$98 per week, meaning that the gains made by the top half more than outweighed the losses of the bottom half.

By the end of the 1990s, the top 20 percent were earning nearly 50 percent of the total income—i.e. nearly the same amount as the bottom 80 percent.

The figures on wealth present an even starker picture. Between 1993 and 1998, the All Ordinaries share price index leapt by 80 percent. The Howard government claimed that the beneficiaries were the "ordinary Mums and Dads" and that Australia had become a "share-owning democracy".

The truth is that the share market bubble created a class of super-rich, wallowing in unheard of luxury, and augmented the wealth of the already rich. By 2000, the top 200 families owned assets averaging over \$300 million each, and there were 11 billionaires, up from just three in 1995.

The richest 1 percent own half of all shares and investments, while the wealthiest 10 percent own a staggering 85 percent. At the other end of the scale, the bottom 50 percent of the population own \$1,000 or less in shares and other investments each, while the lowest 10 percent have a net worth of less than zero (minus \$1,000). These households have sunk into a state of permanent and rising debt, spending around 2.3 times their income each year, just to survive.

The fortunes of the top end of town have received a huge boost from government tax policies. The Hawke and Keating Labor governments cut the top personal income tax rate from 60 percent to 47 percent and the corporate rate from 47 to 36 percent, allowing the wealth of the top 200 families to climb from \$7.3 billion to \$37.3 billion between 1986 and 1996. At the same time, the poorest 20 percent were living on a weekly income of less than \$266. Since Howard took office, half of his government's personal income tax cuts—worth \$12 billion per year—have benefitted the top 20 percent.

During the past three decades, the proportion of families living in poverty has more than doubled. According to a recent study, 2.44 million people, including 732,000 children or 13.3 percent of the population, are not able to access the basic necessities of life. In 1970, less than 3 percent of households were dependent on social security benefits. By 1997-98, the figure was 20 per cent and by June 1999, 17.4 per cent of all dependent children were being brought up in jobless families.

Up until the mid-1970s, poverty was concentrated among people outside the labour force—the aged, the disabled, and the sick. Now it is concentrated among the unemployed and the working poor.

The real level of unemployment—officially at 6.8 percent—is masked by the method used to calculate it. According to the government, if someone is employed for just one hour per week, they qualify as being employed. The real unemployment level (including anyone who works less than 10

hours per week) is calculated by National Economics to be more than 10 percent or nearly a million people, with 21 percent of these being long-term unemployed—unable to find a job for more than a year.

For young people the situation is even worse. The unemployment rate for 15-19 year olds is over three times the national average, while for Aborigines it is officially 26 percent, although actually closer to 40 percent if those obliged to participate in government “employment” programs are counted.

Poverty in Australia has changed not only quantitatively, but also qualitatively. Most significant is the rapid emergence of the working poor. Between 1973 and 1996, the proportion of employed, working-age people living in poverty leapt by 65 percent. They now make up 42 percent of the poor.

One recent poverty study made the point that “having a job no longer guarantees that you and your family will not be in poverty,” while another concluded: “For many households, work no longer provides the basis for family viability, much less prosperity.”

The rapid expansion of the working poor is just one expression of the single most significant characteristic of the 1980s and 1990s—the replacement of full time permanent jobs with part-time, low paid, casual work.

In 1980, about 15 percent of employees worked part-time, earning, on average about 41.5 percent of a full-time wage. A decade later, 21 percent were part-time workers, whose earnings had dropped to 38.5 percent of a full-time wage. By 2000, part-time jobs amounted to more than 29 percent of the total, with earnings dropping to 37.5 percent of a full-time wage.

At the top end of the scale, high value, full-time permanent jobs have expanded, paying more than \$1,400 per week. In the middle, jobs paying between \$700 and \$1,400 have declined by more than 8 percent. At the bottom has been the explosive growth of low-value, part-time, casual, jobs, paying less than \$500—overwhelmingly the largest group of jobs created in the past 10 years. Nearly half of all the new jobs in the 1990s paid less than \$300 per week, or \$15,600 per year.

Except in the managerial and professional categories, not one of the 1.3 million new jobs created in the 1990s was full-time or paid a decent living wage. Moreover, casual employment—where employees receive no leave entitlements—accounted for 75 percent of the jobs created in the 1990s. This has led to a dramatic increase in income inequality. In 2000, for example, a part-time casual employee earning the median wage took in just 23.5 percent of the average earnings of a worker in full-time permanent employment—less than a quarter.

As a recent study noted: “Such an outcome cannot support viable communities, nor maintain the social fabric intact. Thus it is not surprising that Australia enters the twenty-first century in a mood of deepening social crisis.”

Unable to sustain a family on a part-time wage, workers are being forced to juggle two or more jobs each—with couples barely having time to see each other, let alone deal with the problems and stresses of daily life. Through the casualisation of the workforce, job insecurity is a constant pressure, exacerbating family tensions. For those who still have full-time jobs, the level of exploitation has increased dramatically. Australia is one of the only countries in the world where the average working week has increased during the past 20 years—by an average of 3.7 hours per week. Since the early 1980s, the number of people working more than 45 hours per week has increased by 76 percent. Nearly two and a half million workers are being forced to work longer hours, many of them truck drivers, miners and factory workers, leading to a precipitous rise in deaths and injuries on the job. And most of the extra work is unpaid overtime.

Not only does income and job inequality determine how people live, it increasingly dictates where they live. A 2001 report by the Australian Housing and Research Institute discovered that no households in the bottom 40 percent of income earners could afford to buy a 3-bedroom

house in any location in Melbourne or Sydney, the two most populated cities. Of those in Sydney, none could afford to purchase a one-bedroom dwelling of any description. Only 9 percent in Melbourne and 3 percent in Sydney could afford to rent a 3-bedroom house in an outlying suburb. No childless households that were dependent on social security benefits could afford any type of average priced rental dwelling in any area of Melbourne or Sydney.

Due to drastic cutbacks in the government funding of low-cost housing, between 1986 and 1996 the stock of low-cost dwellings fell by 28 percent, a decline of 70,000 homes. At the same time, the stock of moderate and high-rent housing leapt by 70 percent. As a result, there is an estimated shortfall of 150,000 dwellings for low-income families.

The high cost of housing in the inner cities and suburban areas, where access exists to public transport, entertainment, restaurants and other facilities necessary for a normal and decent life, has driven the unemployed and working poor into virtual ghettos of disadvantage, concentrated in the impoverished outer fringes of the capital cities and in regional and rural towns.

In the working class outer suburbs of the major cities, real average incomes fell by up to 10 percent between 1986 and 1998, while they soared by around 20 percent in the most affluent areas. A growing social divide exists between inner and outer suburbs, between capital cities and the rest of the country, and between rural areas and rural and regional towns. Millions of working people and their families are trapped in a vicious circle from which there is no escape. Without any hope of a secure and decent-paying job, they are forced into rental accommodation in impoverished areas, which, according to a number of recent studies, are characterised by higher rates of unemployment, poorer health, lower life expectancy, higher rates of mental illness and lower educational standards. The unemployment rate for the affluent northern suburbs of Sydney is below 2 percent. In regional northern New South Wales it hovers around 15 percent, while in Elizabeth, an industrial outlying suburb of Adelaide, in South Australia, it is 25 percent.

Those who continue to live inside the major cities, including significant sections of the middle class, are increasingly suffering from what has come to be known as “housing stress”—i.e. they are obliged to spend more than 30 percent of their income on putting a roof over their heads. Across all seven Australian capital cities, housing stress rose from 64.1 percent of households in the bottom 40 percent of income earners to 72.7 percent between 1986 and 1996. During the past five years it has become far worse.

The rapid plunge of millions of ordinary people into a precarious, uncertain existence is the root cause of the terrible social problems afflicting wider and wider layers of society: family breakups, depression, drug and alcohol abuse, petty crime and youth suicide.

But the blame for these problems is being sheeted home not to the social processes that have produced them—economic restructuring and the drive by the major corporations and banks to win a competitive edge through the destruction of secure, decent and well-paid jobs—but to the victims themselves. Law and order has become the mantra of both major parties, and youth in working class areas suffer constant harassment at the hands of an ever-growing number of police and security guards. Since 1950, the rate of jailings in Australia has more than doubled, from 52.22 per 100,000 people to 107.85 per 100,000 in 1999. Some 80 percent of prisoners are locked up as a result of drug-related offences and there are, at any one time, more than 55,000 people serving community correction orders—probation, parole, community service or home detention. Aborigines, the most oppressed section of the working class, are jailed 15 times more frequently than non-Aborigines, and make up 19 percent of all prison inmates.

Whatever the outcome of the November 10 poll, it is indisputable that Australian workers will face a new offensive on jobs, wages and living

standards. For the first time in decades, the world's three major economies—the United States, Europe and Japan—are in, or close to, recession. While the impact of the Asian crisis of 1997-98 was alleviated somewhat by the boom in the United States, the plunge in the US share market over the past months, coupled with the economic impact of the terrorist attacks and the war, is seeing the Australian economy descend into deepening slump. The dollar is at historic lows, reflecting its dependence on world commodity prices, and, in a further indication of the weakness and dependency of Australian capitalism, a string of major corporations and retail outlets—including household names like Ansett, One Tel, HIH, Pasmenco, Harris Scarfe—has collapsed in the past few months, throwing tens of thousands more workers onto the unemployment scrap heap.

The economic expansion of the 1990s, and the benefits that accrued to a tiny wealthy elite, took place at the direct expense of the majority of the population. Under conditions of gathering recession, the next government, whether Labor or Liberal, will receive its orders from the major corporations, banks and international financial institutions to destroy the last vestiges of the welfare state and impoverish ever-wider layers of society.

Both Rupert Murdoch's *Australian* and the *Australian Financial Review* made clear at the start of the campaign that the "big election issues" were accelerating competition policy and privatisation, lowering corporate taxation and further labor market reform.

The great dilemma facing the ruling elite is that they cannot forge any significant social base for such an agenda. The vast majority of the population are profoundly alienated, not only from the major parties, but from the political system as whole. The Labor, Liberal and National parties have lost any genuine mass base, and tensions and divisions abound within and between their various internal factions.

During the past three years, a burgeoning anti-market sentiment has swept leading advocates of free market policies off the political stage, in one state election after the other. But while there were massive swings against the Coalition parties, the ALP's vote remains at record lows. "Lesser evilism," the lingering conception that, while Labor has betrayed workers' interests, it remains, on balance, preferable to the conservatives, is losing its grip. As for the trade unions, they have become a virtual irrelevancy. The union bureaucracy has totally abandoned any conception of defending jobs, wages or working conditions, becoming, instead, an arm of corporate Australia. Those workers who believed that, with the advent of a Coalition government, the unions would be forced to fight, have been totally disabused of their illusions.

None of the recent electoral volatility has been correctly forecast by political analysts or the mass media. The uniform reaction in ruling circles has been shock and disbelief—just one measure of the chasm that exists between the concerns and aspirations of ordinary people and the preoccupations and orientation of the official political establishment.

Both Howard and Beazley are seeking, with the backing of a servile media, to project an image of leadership, strength and security. In fact, the opposite is the case. The Australian ruling class and its political representatives are crisis-ridden and confused. Vast international economic processes have shattered the old program and mechanisms of national regulation, along with the stable middle ground that formed the basis of parliamentary rule.

Deep-going divisions are surfacing over how to respond. One wing, consisting of the less competitive sections of the Australian bourgeoisie, backs Howard and Beazley's efforts to deflect discontent into racial scapegoating and law-and-order demagoguery. According to the second wing, comprising Murdoch and other representatives of more globally integrated capital, this strategy is highly damaging. Firstly, it relies on populist appeals to unstable social layers who can rapidly turn on the government—as occurred earlier this year when Howard was obliged to

reverse a number of key policies in order to assuage rising anger within his own carefully cultivated constituency. Secondly, anti-Aboriginal and anti-refugee policies threaten to compromise Australian economic and strategic interests in the Asia-Pacific region and to relegate the country to the status of international pariah.

Murdoch and company are casting about for a new version of British Prime Minister Tony Blair's Third Way—a "socially progressive," "humanitarian" and "ethical" wrapping—along the lines of Keating's new nationalism—in which to package their economic agenda. Both wings remain united, however, in their efforts to place the full brunt of the deepening crisis onto the backs of ordinary people.

All the conditions are rapidly maturing for the eruption of major class conflicts that will profoundly transform the political landscape. At present, the majority of the population is completely disenfranchised. They have no means within the current political order to articulate their own interests or be heard. There is no doubt, however, that the best and most class conscious sections of workers, youth and middle class people are beginning to search for a progressive alternative.

The development of an independent political movement of the working class requires nothing less than a thorough-going break from the entire existing political apparatus and the building of a new mass political party. That party is the Socialist Equality Party, grounded on the program and perspective of socialist internationalism: the unity of Australian workers with workers in every part of the world against all forms of racism and nationalism, and the development of a society based on genuine democracy and social equality, where the wealth created by ordinary working people is utilised to harness and develop the capacities, potential and livelihoods of all, not just the privileged few.



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