

Australia: Howard's Senate victory fuels Coalition tensions

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When the Australian parliament resumed this week, Prime Minister John Howard could look forward to the prospect of holding a majority in the Senate—the upper house—as well as the House of Representatives, as a result of his government's victory in the October 9 federal election.

Once the new Senate convenes next July 1, the Liberal-National Party Coalition will control the numbers in both houses for the first time since 1981, removing all parliamentary obstacles to its agenda. According to an editorial in Rupert Murdoch's *Australian* last month, Howard has become "the most pre-eminent conservative politician of his generation" with an "extraordinary opportunity" to reshape Australia economically and politically.

A closer analysis, however, suggests a somewhat more contradictory outcome, that is already triggering new rifts within the Coalition.

In the 76-member Senate, the Coalition will have 39 members. But of these, the city-based Liberals will comprise only 33, with the rural-based Nationals having 5 and the joint Northern Territory Country Liberal Party 1. The opposition Labor Party will have 28 Senators, and the Australian Democrats and Greens 4 each, while the recently-established church-based Family First party will take one seat, thanks to preferences from Labor and the Democrats.

The results were less of a victory for Howard than a crushing defeat for Labor and the smaller parties that have held the so-called "balance of power" in the Senate for the past 25 years. The election saw the final collapse of support for the Australian Democrats, whose political *raison d'être* since 1981 has been to hold the "balance" in the Senate, claiming to form a check on the policies of successive Coalition and Labor governments.

The Democrats' vote plunged from 7.3 percent in 2001 to 2.1 percent, reducing their Senate seats from seven to four and ending their official status as an opposition party. At their peak in the late 1980s, the Democrats polled nearly 12 percent in the Senate. Their demise accelerated after they struck a deal with Howard in 1998 to allow the introduction of the punitive Goods and Services Tax (GST).

Three Independents also lost their seats: former Democrats' leader Meg Lees, who signed the 1998 GST deal, an ex-Labor Senator and a Tasmanian-based right-wing Christian MP, who retired. In addition, the sole Senator from the extreme right-wing Pauline Hanson's One Nation was defeated.

With Labor refusing to present any genuine opposition to the government on the war in Iraq or any other issue, it was the government that benefited from these losses. The Greens, who presented themselves as an alternative "third party" to the Democrats, while backing the formation of a Labor government, only picked up two extra seats. They obtained 7.7 percent of the vote, up from 4.4 percent in 2001. Labor just managed to cling to its existing Senate representation, with its Senate first preference vote languishing at 35 percent, compared to the Coalition's 43 percent.

No sooner had the allocation of preference votes confirmed the government's Senate majority, than the National Party's Senate leader

Ron Boswell sent a shot across Howard's bows. Boswell declared that the Nationals had taken control of the "balance of power" in the Senate, and would exercise that power, if necessary, by blocking government legislation.

He made the claim because the Coalition's final seat was won by a Queensland National, Barnaby Joyce, despite the Liberals in that state refusing to run a joint ticket with the Nationals. In fact, Joyce took the seat in spite of the Liberals' preference votes, which were directed against him.

Joyce celebrated his win by reiterating the Queensland Nationals' opposition to one of the Liberals' main policy planks, the full privatisation of Telstra, the Australian telecommunications giant. "I'll be a senator for the Queensland National Party first and foremost and it's the policies of the Queensland Nationals that I'll support," Joyce said. By their policy platform, the Queensland Nationals are committed to rejecting the Telstra sale. In other words, Joyce's declaration was a direct threat to cross the Senate floor and vote against the planned bill.

Treasurer Peter Costello, who was acting prime minister while Howard took leave, immediately denounced the comments by Boswell and Joyce in no uncertain terms. "You'd think that one Queensland National single-handedly won control of the Senate," he said. Costello emphasised that the Telstra sale was on top of the government's agenda. "We have announced previously that it is our belief that the ownership of Telstra has to be resolved."

Thus, just weeks after securing their electoral victory, the Coalition's two partners were at each other's throats. Behind these bitter exchanges lie deep-going frictions.

In the National Party's rural heartland, Telstra's failure to provide decent mobile phone access, rapid Internet connection and even reliable phone services—indispensable for every aspect of life, from farming and country-based businesses to coping with emergencies and everyday social intercourse—continues to rankle. The sale of the remaining 50.1 percent of Telstra, transforming it into a completely privately-owned corporation, would soon end the long-standing cross-subsidy of some rural services from profitable urban areas. Almost certainly, the situation would worsen dramatically for rural and regional families.

More generally, the program of economic deregulation pursued by both the Liberal and Labor parties over the past 20 years has spelt disaster for sections of small farming that have traditionally relied on a series of marketing boards and subsidies to survive. Major banks have closed hundreds of rural branches, and regional postal, airline and other services have been gutted. Thousands of jobs have been axed.

With a declining electoral base, the Nationals barely escaped oblivion in the late 1990s, when One Nation campaigned on a populist and protectionist program, tapping into the broad hostility in rural electorates to the government's free market agenda. One longstanding Queensland National MP, Bob Katter, defected, seeking political survival by standing as an Independent. On October 9, the Nationals failed to re-take his seat

and two other former National seats held by Independents. The party also lost one of its cabinet ministers, reducing its numbers in the House of Representatives to 12.

Despite One Nation's demise, National MPs are still haunted by the spectre of new rural-based electoral challengers. In order to distance the Nationals from the government, Boswell has continued to refuse to serve in Howard's ministry. Now that the government controls the Senate, but only on the basis of maintaining the ongoing support of five National Senators, these conflicts are certain to fester.

Having secured a Senate majority, however, the government faces intensified demands from another quarter. The corporate elite has long railed against the government for failing to deliver a raft of big-ticket "economic reforms" since it was first elected in 1996. The full sale of Telstra is on top of the list, together with the removal of "unfair dismissal" restrictions on the ability of employers to sack workers at will; abolition of limits on mass media ownership; wholesale further tax cuts for business and the wealthy; and the shredding of welfare entitlements.

Howard "must now act" to sell Telstra and secure "industrial relations reforms that make it easier for small business to get rid of unproductive workers," the *Australian* editorial insisted. It stepped up Murdoch's longstanding calls for the slashing of the top income tax rates from 48 percent to 30 percent, and for drastic cuts to social security programs. Throughout the Howard government's eight-and-a-half years in office, Murdoch's outlets have condemned its failure to deepen the free-market offensive launched under Hawke and Keating.

According to the *Australian*, Howard can no longer hide behind the excuse that his measures have been blocked in the Senate. "The Prime Minister now has the opportunity to build on the foundations laid by the Hawke-Keating governments, with a second stage of structural changes in the way Australia is governed."

Howard, however, reacted to the Senate victory with caution. "We do not intend to use the mandate we have been given recklessly or arrogantly or wantonly or indiscriminately or carelessly. We're going to use it very carefully and very soberly," he said.

In part, the prime minister's nervousness reflects his fear of aggravating the tensions with the Nationals. At the same time, he recognises that, for all the media triumphalism, his victory was largely achieved by exploiting fears among working people of rising mortgage and debt levels, and job insecurity. He is aware that the measures required by the corporate boardrooms could ignite simmering discontent.

There is a certain irony in the fact that the last Liberal prime minister to control both houses was Malcolm Fraser, who won landslide victories in 1975 and 1977. In the wake of the November 1975 dismissal of the Whitlam Labor government, he backed away from the financial and structural de-regulation demanded by global capital. Fraser wrote later that he feared the damage that would have been done to the "social fabric" that was already strained by Whitlam's removal. After Fraser's defeat in 1983, Hawke and Keating carried through the restructuring in collaboration with the trade union leadership.

As Fraser's Treasurer, Howard was critical of his leader's timidity, and is intent on implementing today's corporate agenda. However, mindful of the deep unpopularity of such measures, his record since 1996 has been largely one of fashioning and shoring up a right-wing social constituency in order to create the political conditions for carrying them through. Hence, his nationalist and scapegoating appeals on such issues as refugees, terrorism and Aboriginal programs, which often has been combined with blatant pork-barrelling and protectionism in favour of local businesses.

His own treasurer, Costello—who has been seeking to replace Howard for several years—has more openly courted the financial markets and is regarded as a more reliable instrument for pursuing their interests. It was noticeable that Costello's response to the Senate win struck a different

tone to Howard's caution.

Costello was quick to pledge that the government would deliver its program "in full". "All of those bills that have been blocked [in the Senate] for the last two years will be put back on the agenda," he stated. Nor would the government wait until next July before bulldozing its legislation through the Senate with the help of minor parties. "There is no point in just sitting around," he said.

If Howard does not heed the instructions he has been given by the business establishment, he could find himself quickly pushed aside to make way for Costello.

One arena where Howard fears no resistance is in the Senate itself, including the outgoing Senate that will remain until July 1. Now that the government will soon no longer need their votes, the "opposition" senators are all the more keen to work with the government. As a matter of fact, they are jockeying for position to assist. On media ownership laws, for example, Senator Lees has declared: "I am open for discussions." Her offer followed similar comments by the two other departing Independents, as well as the One Nation representative.

For the past quarter century, the minor parties in the Senate have acted as a political safety valve for the erosion of support for the Coalition and Labor and their pro-business policies. The official slogan of the Democrats—"keep the bastards honest"—promoted the illusion that the major parties could be kept in check by Senate scrutiny.

All those outraged by government plans were implored to channel their energies into lobbying senators and lodging submissions to parliamentary committees, which were depicted as models of parliamentary democracy at work. In line with this, the speakers' platforms at many and varied protest demonstrations featured Democrats or Greens senators.

In reality, the record shows that only a fraction of government legislation was held up in the Senate. Time and again, the Democrats, and more recently the Greens, helped make essentially cosmetic changes to government legislation. Indeed last year, when Howard complained of "Senate obstructionism", Greens leader Bob Brown declared that the Senate had passed 97 percent of government bills—of the 1,305 bills presented, only 36 had been rejected.

In June 2003, for example, after 18 months of committee hearings and intense political manoeuvring in the face of public opposition, the Senate voted overwhelmingly to pass the ASIO Terrorism Bill, giving the country's political police—the Australian Security Intelligence Organisation—unprecedented police state-style powers, including the right to detain and interrogate anyone without charge or trial. In the final debate, the Greens and Democrats opposed the legislation but helped legitimise its introduction by proposing limited changes to the Bill.

With this process no longer required, some media pundits have warned of the dangers of arousing popular disaffection. "This [Senate] check and balance no longer applies. In other words, the government will now live and die by its own unfettered judgment about what it thinks the Australian people will find legislatively acceptable," columnist Glenn Milne wrote in the *Australian* on November 1.

As such misgivings suggest, Howard and his ministers will walk a political tightrope as they endeavour to satisfy their conflicting constituencies. All the while, they will be under mounting corporate pressure to dramatically escalate the attacks on working people, both in the cities and the countryside, including those who voted for them.



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