Labor wins Australian state elections with business backing

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Two Australian state Labor governments were returned to office last Saturday with intensive business and media backing, continuing the federal-state divide in official Australian politics. Labor has won every state and territory election since 1998, but lost each federal election since 1993.

In South Australia, the minority government of Premier Mike Rann claimed Labor's biggest victory in that state's history, winning 28 lower house seats and leaving the Liberal Party decimated with just 14. Two Independents and one National retained their seats, with two others in doubt.

Labor gained an electoral swing of about 9 percent compared to 2002, with most of the shift coming in former Liberal seats in inner-city areas and outer-suburbs of the state's capital, Adelaide. The largest swing, 15 percent, came from the beachside electorate of Bright, formerly a marginal Liberal seat.

The outcome left the Liberals—the party of Prime Minister John Howard—leaderless and in tatters. After two successive election defeats, state Liberal leader Rob Kerin quit on Sunday, followed immediately by bitter in-fighting over who would succeed him.

In Tasmania, Premier Paul Lennon's government secured an unprecedented third consecutive term in office, despite suffering a 2 percent swing against it. Labor managed to hold its 14 seats in parliament, while the Liberals won 7 and the Greens 3, with one undecided. The results were fairly uniform across the state's five multi-member electorates, each of which returns five MPs.

Having failed to make any inroads after their vote crashed in 2002, Tasmanian Liberal party leader Rene Hidding declared an open ballot for the leadership among the seven surviving MPs. He faces at least one challenger, and possibly two.

The mass media uniformly declared that the results demonstrated the power of "incumbency" and the benefits of "economic prosperity", trying to draw a connection between Labor's ascendancy in state politics and Howard's four victories at the federal level. "Good economic conditions spell political stability, and that is music to Howard's ears," Mike Steketee wrote in the *Australian*.

In reality, the deep hostility that exists toward the Howard government's pro-market economic and social policies, its participation in the war on Iraq and its assault on basic democratic rights, could find no expression within the official political framework.

Opinion polls show majority opposition to the occupation of Iraq—65 percent of respondents to the latest advocated the withdrawal of Australian troops—and overwhelming rejection of the Howard government's new industrial relations legislation—newspaper polls have reported 80 percent opposition.

"Prosperity" is a myth as far as ordinary people are concerned. While official data shows rising average incomes and relatively low unemployment, social inequality is escalating as corporate profits and executive salaries soar at the expense of the working class. Research published last week revealed that the richest 10 percent received 31.34 percent of total income in 2002, compared to 28.5 percent a decade earlier. The average chief executive of one of the top 50 Australian-based companies earned 98 times the wage of an average worker, up from 27 times higher in 1992.

Like all their Labor counterparts across the country, however, both Rann and Lennon have willingly cooperated with Howard's Liberal-National coalition. At the same time, their governments have been engaged in a never-ending competition to gut welfare, health, education, housing and other social programs so as to fund financial incentives for foreign investors.

Disaffection with this bipartisan program emerged in the elections, but only in distorted ways. One expression was a huge 20 percent vote for "No Pokies" MP Nick Xenophon in the South Australian upper house. Standing on a protest, "anti-party" ticket, he and his two running mates benefited when Labor and Liberal joined hands in directing voting preferences against them. They picked up 120,000 votes—almost as many as the Liberals and double the total received by Family First, the Greens and Australian

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Democrats combined.

Xenophon advanced a populist mixture, including right-wing calls for "victims of crime" laws and abstinence-based programs, but his opposition to the growing reliance of state governments on poker machine and other gambling proceeds struck a chord among those disgusted by Labor's intimate relations with big business.

Likewise, the right-wing Christian church-based Family First party polled 5.8 percent, up 3.1 points, and picked up 2 upper house seats (with the help of Labor and Liberal preferences) by professing concerns about the mounting economic and social pressures on ordinary families.

By contrast, the Australian Democrats were almost wiped out in what was once their home state, losing two-thirds of their vote—to 2.8 percent—and retaining only one upper house seat. This is another nail in the coffin of the Democrats, who have been in a downward spiral since backing the Howard government's first IR legislation in 1996 and the Goods and Services Tax in 1999.

Some of the Democrats' vote may have gone to the Greens, whose vote rose 4 percentage points to 6.3 percent, giving them one seat in the upper house. In South Australia, where the Greens have not held a seat before, they presented themselves as anti-establishment, appealing to voters to elect a Green to "ensure the government of the day is subjected to vital environmental and humanitarian scrutiny".

In Tasmania, however, the Greens suffered a 2-percentage point fall to 16 percent, losing one of their four seats and thereby forfeiting official party status. They will now lose considerable public funding, a number of research and administrative staff, and their leader's right to have a government chauffeur-driven limousine at her disposal.

Tasmania's Greens formed a governing accord with Labor during the 1980s and helped carry through punishing cuts in public services and jobs. Greens leader Peg Putt campaigned for the return of a minority Labor government, which the Greens would join with herself as deputy premier. This scenario revived bitter memories of the 1980s.

Overall, the results in both states point to a brittle political situation, where support for the major parties has substantially collapsed but opposition to them takes no clear or coherent form. Howard's Liberals have been further decimated in the states, while Labor is in terminal decline on the federal level.

All the major media outlets, many of which have backed Howard in recent federal elections, gave their support to Labor.

In South Australia, the Murdoch-owned *Adelaide Advertiser* and *Australian* both editorialised for a Labor vote. The *Australian* declared "Mike Rann's the man" because he had combined avowed "law and order" policies with "economic responsibility"—measured in terms of attracting business investment.

In his last term, Rann made the unprecedented decision to install an unelected, prominent mining magnate, Robert Champion de Crespigny, as a member of his inner cabinet executive. He also appointed Murdoch to the board of trustees of a new private university, Carnegie Mellon and worked closely with Howard, and the trade unions, to undercut other governments in order to secure key projects, notably a naval destroyer building project and the expansion of the Olympic Dam (Roxby Downs) uranium mine.

In Tasmania, Murdoch's outlets, the *Hobart Mercury* and the *Australian*, also threw their weight behind Labor. Under the headline "Lennon should lead," the *Australian* said the premier had recognised the "necessity to encourage business investment, in everything from online gambling to wood processing".

During the campaign, one of the state's largest companies, timber miller Gunns, threatened to take a proposed $1.4 billion pulp-mill project to Malaysia or China if the Greens won the balance of power. Once the votes were in, Gunns executive chairman John Gay said the mill would proceed. "With a majority government and the support of the Liberal Party opposition, it is very secure," he declared.

Business interests funded an extensive advertising campaign warning voters that a minority government would bring economic disaster and mass job losses. Tasmanian Chamber of Commerce and Industry chief executive Damon Thomas welcomed the election result. "I think the outcome will be good for Tasmania, not just for the business community," he said.

Having backed Labor, business spokesmen wasted no time in laying down the law to the incoming administrations. The *Australian Financial Review* declared that Labor's challenge in Tasmania was to maintain economic "buoyancy" while Rann had to lower corporate taxes and fund freight and energy infrastructure.

Rann and Lennon have clearly heard the message. Lennon vowed that "over the next four years we'll be economically aggressive" and Rann announced negotiations with two British universities to establish new private Adelaide campuses.

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