

Australia: Labor and Liberal vie to form minority government

Patrick O'Connor
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Negotiations have begun between the independent and Greens parliamentarians, and Labor Prime Minister Julia Gillard and opposition leader Tony Abbott, for the formation of a minority government. Neither the Labor Party nor the Liberal-National coalition was able to win a majority of seats in parliament, reflecting deep hostility among voters towards both major parties.

The final balance of power in the parliament remains unclear. Postal votes are still being counted, and the complex distribution of preferences in closely contested seats being worked out. Under Australia's electoral system, to cast a valid ballot in the House of Representatives, voters must not only vote "1" for their favoured candidate but also rank every other candidate in order of preference; preferences for the lowest polling candidates are distributed until someone emerges as the winner with more than 50 percent of the total vote. In the last two days, at least one seat previously believed to have gone to the Liberals has been returned to the undecided category, while another, seemingly won by independent Andrew Wilkie, now appears more likely to fall to Labor.

Most analysts are predicting that Labor and Liberal-National will each finish with 73 seats—the first time there has been a tied result in an Australian election. A majority requires 76 seats.

Holding the balance of power are the Greens' Adam Bandt, from the electorate of Melbourne, and three rural-based ex-National Party independent politicians, Bob Katter (from the electorate of Kennedy in northern Queensland), Tony Windsor (New England in northern New South Wales), and Rob Oakeshott (Lyne, bordering New England in NSW).

Katter, Windsor, and Oakeshott have already met and pledged to negotiate as a trio with the major parties. They are poised to extract concessions on a range of issues, including parliamentary reform and increased public spending in rural areas, through a protracted round of closed doors deals.

The independents have rejected suggestions from senior coalition figures that they are more "philosophically" aligned with opposition leader Abbott. The mutual enmity between the rural independents and National Party parliamentarians erupted to the surface on election night, with a televised row between the

Nationals senate leader Barnaby Joyce and Tony Windsor, while National Party leader Warren Truss condemned Bob Katter. The Nationals fear that if the independents win additional public spending for rural areas in their negotiations with a minority government, then more populist rural independent candidates could gain ground at their expense at the next election. As a result, Tony Abbott is keeping National MPs away from the negotiations.

Windsor has said he will not work with Barnaby Joyce. Katter has raised the coalition's record of privatisations and public spending cuts as further obstacles to forming government with Abbott. "People are saying we're going to back the conservatives," he said. "Well, for me personally after that record of destruction and persecution of my area, please excuse me for reacting with extreme anger to such a proposition."

All of the parliamentary parties are beset by deep divisions.

Within the coalition, Malcolm Turnbull is clearly manoeuvring for a senior role within the Liberal Party and future return to the leadership. Turnbull lost that role to Abbott last December by just one vote in a Liberal parliamentary caucus meeting; earlier this year he decided to remain in politics, reversing a previous announcement that he would quit.

The Labor Party is being wracked by bitter recriminations over responsibility for the government's defeat. The factional leaders who orchestrated the coup against Kevin Rudd have been blamed by several leading Labor figures. Former NSW Premier Morris Iemma said that Senator Mark Arbib and Labor national secretary Karl Bitar should "pack up and go home", and that Labor needed a frank assessment of the election campaign rather than "spin and fakery" from Bitar.

Arbib was due to appear on an ABC television current affairs program last night, but Julia Gillard intervened at the last minute to bar him from participating in a desperate attempt to contain the damage.

The state Labor governments of Queensland and NSW, where the Gillard government suffered heavy losses, have also come under fire. NSW Premier Kristina Keneally responded by describing the Gillard government's election campaign as

“atrocious”, while Queensland Premier Anna Bligh rejected any challenge to her position, saying she wouldn’t “let the NSW disease that sees leadership as a revolving door undermine a democratic mandate in Queensland”.

A question mark remains over the future of Kevin Rudd. The former prime minister is widely believed to have been responsible for the series of damaging leaks in the second week of the campaign, which included details of Gillard’s opposition in the cabinet to increasing the aged pension and introducing paid maternity leave. Such sabotage by an MP against his own prime minister would normally be grounds for exile to the backbench, if not expulsion from the party. However, if Labor does manage to form a minority government, Gillard will likely have little option but to give Rudd a senior cabinet post to prevent him quitting parliament and triggering a by-election, which could potentially bring down the government, or even crossing the floor and joining a Tony Abbott-led government.

One of the independents, Rob Oakeshott, today floated this possibility, suggesting that a more stable government might involve Rudd serving as foreign minister in a coalition government, or Malcolm Turnbull being given a senior post in a Labor-led government.

Such a “grand coalition” arrangement has not been seen in Australia since World War II. Whether it eventuates now remains to be seen, but there are certainly no significant policy or ideological differences between the major parties creating any obstacles. The Labor government and the opposition were in near complete agreement during the election campaign on every significant issue of economic and foreign policy. Both vied for the support of big business and finance capital, without openly outlining their proposed austerity agendas of major public spending cuts.

The Greens have been acclaimed as the major winner, receiving 11.5 percent of the primary vote, winning a lower house seat, and securing the balance of power in the senate. While Adam Bandt has indicated that he will support Gillard rather than Abbott, Greens’ leader Bob Brown has stressed he is willing to hold discussions and work closely with either leader. The party’s leadership clearly regards the hung parliament as an opportunity to demonstrate its credentials to the ruling elite, and is hoping to form a ruling coalition with either Labor or Liberal as a means of ensuring “parliamentary stability”.

The parliamentary deadlock has focussed attention on the role of Governor-General Quentin Bryce, the British Queen’s representative in Australia. Under Australia’s deeply anti-democratic constitution, the governor-general enjoys undefined “reserve” powers to respond to political crises, including the authority to dismiss governments, refuse requests for elections, reject ministerial appointments, and mobilise the armed forces. Media commentators and constitutional lawyers are now insisting that the governor-general is bound by convention to accept the

advice of the incumbent prime minister regarding the formation of the next government. In reality, however, the reserve powers have twice been used against elected governments—in 1931 when the governor of NSW dismissed the Labor government of Jack Lang, and more recently in 1975, when Governor-General John Kerr sacked the Labor government of Gough Whitlam and placed the army on alert.

Quentin Bryce has reportedly sought legal advice as to whether she faces a potential conflict of interest because Bill Shorten, a senior Labor government figure, is her son-in-law.

The political standoff exposes even further some stark truths about so-called parliamentary democracy. Last June, the installation of Gillard via a coup orchestrated by a handful of Labor faction bosses at the instigation of the major mining companies and other sections of corporate Australia revealed who really calls the shots. The coup demonstrated that it is the ultra-wealthy elite, not the electorate, that determines not only government policy but government personnel.

This lesson is now being publicly confirmed in another manner. During the past two days, the media has poured scorn on any suggestion that the formation of the next government should be determined by which party secured the most votes, whether measured by primary vote totals or the two-party preferred count. (Labor leads in the latter category, the opposition in the former.) Instead, the overriding benchmark has been deemed to be “stability”. This is a codeword for ensuring that the economic restructuring and “free market” reform agenda being demanded by the financial and corporate elite is implemented over the next three years.

Whether this will prove possible remains unclear, since neither party can lay claim to any “mandate” whatsoever.

Business is deeply concerned. Access Economics economist Chris Richardson described a hung parliament as “the worst outcome” and predicted that Australia would be “less attractive” for overseas investors and domestic companies alike. JP Morgan economist Stephen Walters likewise declared: “For financial markets, a hung parliament probably is the worst possible outcome. A layer of persistent political risk ... against a backdrop of heightened uncertainty over the state of the global economy, will weigh on investor sentiment.”

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