

# Australia: Labor forms minority government with rural independents' support

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Prime Minister Julia Gillard's Labor government today managed to retain office after winning the backing of rural independents Tony Windsor and Rob Oakeshott. The decision of the two members of parliament gives Labor a bare parliamentary majority of 76 seats—72 Labor members plus Windsor, Oakeshott, Tasmanian independent Andrew Wilkie, and the Greens' Adam Bandt—in the 150-member parliament.

The resolution of the first hung parliament in Australia since 1940, 17 days after the August 21 election, marks the culmination of a series of behind closed doors discussions involving the most powerful representatives of the corporate and financial elite. Gillard convinced key sections of the corporate, media and financial elites that their interests will best be served by a minority Labor government that is fully committed to the US alliance and the war in Afghanistan and to carrying out pro-business economic restructuring measures including public spending cuts to health, education, welfare and social infrastructure.

Its ability to do so, however, remains an open question. Gillard now heads a highly unstable and discredited government—and is herself regarded by many as an illegitimate prime minister, having first assumed power through the Labor Party coup which ousted Kevin Rudd in June and now retaining office through a series of backroom payoffs and deals. However, the minority Labor government's fate over the next three years rests not on parliamentary arithmetic but on developments outside parliament. The stage is set for explosive social and political struggles.

Oakeshott and Windsor were at pains to distance themselves from the Labor government at the same time as they pledged to maintain it in office by voting for the government's budgets and opposing no confidence motions. Oakeshott declared the deal was "not a mandate for any government ... nor is it any endorsement of anyone". He nevertheless revealed that he was considering an offer to serve as a minister in the government. Tony Windsor emphasised the issue was not about the "philosophy" of the two major parties—any differences having died a decade or more ago—but was about stability of government.

Fellow rural independent Bob Katter, who had negotiated with the major parties alongside Oakeshott and Windsor, broke with his colleagues to announce his support for the Liberal-National coalition. Katter said there was "enormous anger" over Rudd's axing and that his decision would have been different had he still been prime

minister.

Windsor said that the "most critical" policy issue for him was that of Labor's proposed national broadband network, opposed by the Liberal Party. The independent's position reflects not just the attitude of regional centres but those of large sections of big business for which high quality communications infrastructure is vital for international competitiveness.

Both independents hailed new spending programs for rural and regional areas promised by the Labor government. Oakeshott also promoted a new tax "summit" to be held before June 2011 to review the various pro-business tax reform proposals outlined in the Henry Review.

Windsor and Oakeshott emphasised the key consideration of "stability", and which party was more likely to serve a full term rather than triggering an early election. Oakeshott implied he believed that the Liberal-National coalition would be keen to return to the polls—in order to "knife" the rural independents and try to win their seats. Parliamentarians in the rural-based National Party despise their independent populist rivals.

Windsor and Oakeshott raised that another factor in their decision was the question of the major parties' relationship with the Senate, in which the Greens currently hold the balance of power. The Labor-Greens alliance clearly benefitted Gillard in her negotiations with the independents, whose calculations are another reflection of the central role now played by the Greens within the political establishment.

Even before it was known who was to form government, Greens Senator Sarah Hanson-Young today issued an unconditional pledge to keep the next government in office over the next three years, irrespective of whether it was headed by Gillard or Abbott and what policies are enacted. "The challenge of the parties today is to make sure that we don't have to go back to the polls," she told Sky News. "That we can make this a secure government, whomever it ends up being, for the next three years."

The real issues determining the selection of Gillard over opposition leader Tony Abbott were not those outlined by Windsor and Oakeshott in their joint press conference. The so-called independent parliamentarians are not independent in any real sense of the term—they have instead functioned as parliamentary transmission belts for decisive sections of the ruling elite.

On June 23-24 a handful of Labor Party factional apparatchiks and trade union bureaucrats orchestrated a coup against Kevin Rudd on behalf of key layers of the ruling elite, not only the major transnational mining corporations but other sections of corporate Australia, which had concluded Rudd was incapable of advancing the demanded austerity program, as well as other layers, yet to be fully identified, concerned to align Canberra more closely behind the US strategic alliance, away from China, and behind the neo-colonial occupation of Afghanistan.

Once in office Gillard announced a string of right-wing policy shifts—full support for Australia’s indefinite involvement in Afghanistan, no Resource Super Profits Tax, scapegoating of refugees and immigrants—before quickly triggering the election. The entire process, from the coup to the official election campaign, amounted to a conspiracy against the Australian people.

Gillard hoped the short election campaign would defuse the enormous anger generated by Rudd’s political execution and also preempt any examination of the issues behind her installation. The campaign was dominated by a series of diversions as well as endlessly repeated vapid soundbites and slogans—there was virtually no discussion of the real issues of the war in Afghanistan, the global economic crisis and the coordinated turn towards austerity measures, and mounting tensions between Washington and Beijing and Canberra’s increasingly precarious balancing act between the two.

Editorials in both the *Australian* and the *Australian Financial Review* today, published before it was known who was to form government, also repeated the key theme of the urgent need for the next government to push through unpopular economic reform measures.

The Murdoch broadsheet, which campaigned against the return to office of the Labor government and then called for an early election following the return of a “hung parliament”, insisted that “stability cannot be an end in itself” and concluded that “the independents should weigh up which party is more likely to continue the reforms that began with the Hawke government’s float of the dollar and deregulation of the financial system.”

The *Australian Financial Review* expressed concern that as “talks to form a minority government drag into their third week, business is becoming more concerned that this could be a foretaste of things to come”. It continued: “The momentum from the resources boom is masking underlying problems—five years of lagging productivity, exhaustion of capacity to increase living standards by taking on more household debt—which will rise to the surface as the income boost from the resource boom peaks and subsides ... It is time for us to rediscover the zeal of the Hawke, Keating and early Howard governments to reform the economy and make it more competitive.”

The legacy of the 1983-1996 Hawke and Keating Labor governments, which the ruling elite is now desperate to revive is one of sweeping economic restructuring measures aimed at enhancing the international competitiveness of Australian capitalism by undermining the social position of the working class.

The task of the next government will be to slash public spending as part of a wide ranging austerity agenda. As far as the corporate and financial elite is concerned, Australia’s remaining public health, education, and welfare systems are costly burdens to be junked as soon as possible. Corporate and high income taxes are to be slashed, while consumption and other regressive imposts affecting working people and the poor increased. At the same time the “free market” is to be extended to previously off-limit or restricted sectors such as health, education, child care, aged care, and other formerly publicly funded services.

Gillard made a clear pitch along these lines. On the other hand, business and media circles were concerned that Abbott would lapse into the type of economic populism that characterised the Howard government in its last years. Personnel also plays a role. The opposition’s economic front bench is comprised of the lowly regarded Joe Hockey and Andrew Robb, while Abbott proved unable to concede a senior position for his predecessor and bitter rival Malcolm Turnbull, who has close connections with the financial sector. Moreover, the opposition was hampered by the treasury department’s finding of a multi-billion dollar “black hole” in its budget projections, and was then embarrassed by Andrew Wilkie’s sting operation in which he extracted an Abbott offer of a billion dollars for a Hobart hospital—a move pilloried in the press as irresponsible and profligate.

Windsor and Oakeshott today promoted a deal they negotiated with both Labor and Liberal on parliamentary reform, involving various measures such as stricter time limits during Question Time, establishing an “independent” House speaker and deputy speaker who will not participate in party caucuses, and introduce a “welcome to country” acknowledgement of Aboriginal people before each parliamentary session.

The extraordinary media focus in the last fortnight on the issue of changes to parliamentary procedure is a conscious diversion. The real reason for the unprecedented level of disaffection and hostility towards the existing political setup has nothing to do with standing orders in the House of Representatives—it reflects the political establishment’s inability to meet the needs and aspirations of ordinary people.

But now the independents have rescued the Gillard government and attempted to provide a fresh coat of whitewash over the badly tarnished institution of parliament.



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