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FM CANBERRA  
TO ROUTINE FCO  
TELNO 419  
OF 140700Z JUNE 88

MY TELNO 276: AUSTRALIAN POLITICAL SITUATION

SUMMARY

1. LIBERAL/NATIONAL COALITION STILL AHEAD OF HAWKE GOVERNMENT IN OPINION POLLS. BUT LABOR PARTY HAS RECOVERED FROM BYE-ELECTION SETBACKS EARLIER THIS YEAR AND HAS JUST HAD AN UNDAMAGING PARTY CONFERENCE. SPECULATION THAT KEATING WILL SUCCEED HAWKE BUT NO SIGN THAT HAWKE INTENDS TO STEP DOWN.

DETAIL

THE FEDERAL OPPOSITION

2. THE OPINION POLLS CONTINUE TO GIVE THE FEDERAL OPPOSITION A THREE OR FOUR POINT LEAD OVER THE HAWKE GOVERNMENT. BUT THERE IS STILL NO SIGN OF A GROWTH OF CONFIDENCE IN THE CAPACITY OF JOHN HOWARD TO GIVE EFFECTIVE LEADERSHIP TO THE LIBERAL/NATIONAL COALITION. THE LATTER IS STILL PRONE TO DAMAGING INTERNAL DISPUTES AND LACKS THE MACHINERY TO RESOLVE OR CONTAIN THEM.

THE FEDERAL GOVERNMENT

3. THE HAWKE GOVERNMENT HAVE RECOVERED THEIR EQUILIBRIUM IN THE LAST FEW WEEKS, FOLLOWING THE POOR STRING OF BYE-ELECTION RESULTS REFERRED TO IN MY T U R. THE ECONOMIC STATEMENT OF 26 MAY WAS CLEVERLY DESIGNED BOTH TO INCREASE THE LABOR PARTY'S HOLD ON THE BUSINESS/MIDDLE CLASS VOTE AND TO REASSURE ITS TRADITIONAL SUPPORTERS THAT A RISE IN PERSONAL DISPOSABLE INCOME COULD BE EXPECTED IN THE NEXT COUPLE OF YEARS. THE TREASURER (KEATING) TOLD THE LABOR PARTY THAT THE STATEMENT WOULD WIN THEM THE NEXT ELECTION.

4. LABOR'S BIENNIAL PARTY CONFERENCE TOOK PLACE IN HOBART LAST WEEK. PROCEDURAL DEVICES WERE ADOPTED TO POSTPONE DIFFICULT DECISIONS ON PRIVATISATION AND URANIUM POLICY. THE NET RESULT WAS A DULL CONFERENCE BUT A SATISFACTORY ONE FOR PARTY

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MANAGERS IN THAT THE OPEN FIGHTS WHICH WERE SO CHARACTERISTIC OF THE ALP IN THE PAST WERE AVOIDED.

5. THE BIGGEST CURRENT TALKING-POINT IS THAT OF THE SUCCESSOR TO HAWKE AS ALP LEADER. IT IS COMMONLY ACCEPTED THAT HIS NATURAL SUCCESSOR IS THE TREASURER (KEATING) WHOSE PRESENTATION OF THE ECONOMIC STATEMENT LAST MONTH WAS MASTERLY AND WHO IS A CONSISTENTLY STRONG PERFORMER WITH THE MEDIA. BUT THE ALP LEADERSHIP ARE DISCOURAGING SPECULATION THAT ANY CHANGE WILL OCCUR BEFORE THE NEXT ELECTION. HAWKE HAS GIVEN NO SIGN THAT HE INTENDS TO STEP DOWN.

#### THE OUTLOOK

6. THE FEDERAL PARLIAMENT WILL NOW BE IN RECESS TILL ABOUT 22 AUGUST. POLITICALLY, A QUIET TIME MAY LIE AHEAD. BUT AT LEAST TWO ISSUES WILL CONTINUE TO BE DEBATED AND WILL BE VERY MUCH ALIVE WHEN THE PRIME MINISTER IS HERE. THE FITZGERAL REPORT ON IMMIGRATION IS BEING CONSIDERED BY THE GOVERNMENT AND OPENS UP BIG QUESTIONS ABOUT FUTURE IMMIGRATION POLICY AND THE ROLE OF IMMIGRANT COMMUNITIES. SECONDLY, ON 3 SEPTEMBER THERE WILL BE REFERENDA ON A NUMBER OF CONSTITUTIONAL REFORMS. DETAILS ARE BEING REPORT SEPARATELY ON BOTH ISSUES. BUT THE OPPOSITION OBVIOUSLY INTEND TO TURN CERTAIN ASPECTS OF IMMIGRATION INTO A MAJOR ISSUE AND THEY ARE URGING A NEGATIVE VOTE ON ALL FOUR CONSTITUTIONAL REFORMS. WHETHER THE OPPOSITION MAINTAINS ITS LEAD IN THE OPINION POLLS MAY WELL BE AFFECTED BY ITS PERFORMANCE ON THESE MATTERS.

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