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ACTION EA-09

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03
NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 OMB-01 IO-10
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R 070522Z NOV 75

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 6900

INFO AMEMBASSY WELLINGTON

AMCONSUL MELBOURNE

AMCONSUL SYDNEY

CINCPAC HONOLULU

C O N F I D E N T I A L CANBERRA 7505

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: AS, PINT

SUBJECT: AUSTRALIAN POLITICAL CRISIS

REF: CANBERRA 7323

1. SUMMARY. THE IMPASSE BETWEEN THE WHITLAM GOVERNMENT AND THE OPPOSITION PARTIES CONTINUED THIS WEEK. THERE ARE RUMORS THAT THE GOVERNOR GENERAL MAY FLOAT SOME COMPROMISE SOLUTION, BUT WHITLAM HAS THE OPPOSITION ON THE ROPES AND MAY INSIST THAT IT BACK DOWN COMPLETELY. END SUMMARY

2. THE FIRST BREAK IN THE CRISIS CAME ON THE EVENING OF NOVEMBER 3 WHEN OPPOSITION LEADER MALCOLM FRASER STATED THAT THE OPPOSITION WOULD PASS THE GOVERNMENT'S SUPPLY BILLS IN THE SENATE IF THE PRIME MINISTER WOULD AGREE TOLD ELECTIONS FOR THE HOUSE OF REPRESENTATIVES AT THE SAME TIME HE CALLED FOR HALF SENATE ELECTIONS. THIS DISINGENUOUS PROPOSITION MEANT THAT THE OPPOSITION WOULD

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NOT BLOCK THE SUPPLY BILLS TO FORCE IMMEDIATE ELECTIONS FOR THE HOUSE OF REPRESENTATIVES IF THE GOVERNMENT WOULD AGREE TO ELECTIONS FOR THE LOWER HOUSE WITHIN SIX MONTHS. WHITLAM PROMPTLY REJECTED THE OFFER CHARACTERIZING IT AS BLACKMAIL.

3. FRASER'S OFFER, HOWEVER, DID MAKE IT APPEAR THAT HE WAS WILLING TO BE REASONABLE; AND PUT WHITLAM UNDER SOME PRESSURE TO MAKE A COUNTER-OFFER. WHITLAM DID SO ON THE AFTERNOON OF NOVEMBER 4 WHEN HE HINTED THAT HE WOULD BE WILLING TO DELAY THE HALF SENATE ELECTIONS UNTIL JULY 1, 1976, IF THE OPPOSITION PARTIES AGREED TO PASS THE SUPPLY BILLS IN THE SENATE. THIS WOULD HAVE PROTECTED THE OPPOSITION FROM THE UNLIKELY POSSIBILITY THAT THE ALP COULD HAVE OBTAINED A TEMPORARY MAJORITY IN THE SENATE. FRASER PROMPTLY REJECTED THIS OFFER AND SAID SUPPLY WOULD BE PASSED ONLY WHEN THE GOVERNMENT AGREES TO HOLD ELECTIONS FOR THE LOWER HOUSE.

4. THE GOVERNOR GENERAL CALLED WHITLAM, FRASER, TREASURER HAYDEN, AND ATTORNEY GENERAL ENDERBY IN FOR SEPARATE INTERVIEWS ON NOVEMBER 6TH AND THERE ARE RUMORS THAT HE WILL BE FLOATING A COMPROMISE SOLUTION OF HIS OWN IN THE NEAR FUTURE.

5. THE LATEST MORGAN GALLOP POLL COMPLETED ON OCTOBER 25 SHOWS THAT FRASER'S POPULARITY DECLINED FROM 35 PERCENT ON OCTOBER 18 TO 29 PERCENT ON OCTOBER 25. IT WAS AT 52 PERCENT IN A POLL TAKEN DURING THE PERIOD SEPTEMBER 20 TO 27 BEFORE THE CURRENT CRISIS BEGAN. WHITLAM'S POPULARITY ROSE FROM 37 PERCENT TO 39 PERCENT FROM OCT. 18 - 25TH. LIBERAL COUNTRY PARTY SUPPORT FELL 1 PERCENT TO 49 PERCENT DURING THIS PERIOD WHILE ALP SUPPORT ROSE 1 PERCENT FROM 43 PERCENT TO 44 PERCENT. AFTER LUMPING DEMOCRATIC LABOR PARTY PREFERENCES AND AUSTRALIA PARTY PREFERENCES WITH THE LIBERAL-COUNTRY PARTIES AND THE AUSTRALIAN LABOR PARTY RESPECTIVELY THE NUMBERS NOW ARE: LIBERAL-COUNTRY PARTIES 50 PERCENT, AUSTRALIAN LABOR PARTY 46 PERCENT, UNDECIDED 4 PERCENT.

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6. OPPOSITION LEADER FRASER'S DECISION TO WITHHOLD THE GOVERNMENT'S SUPPLY BILLS IN THE SENATE HAS BACK- FIRED BADLY. THE LONGER HE REFUSES TO BUDGE THE MORE LIKELY IT IS THAT HIS PERSONAL POPULARITY AS WELL AS THE POPULARITY OF THE OPPOSITION PARTIES WILL CONTINUE TO FALL. FRASER IS ALSO HAVING INCREASING DIFFICULTY HOLDING OPPOSITION SENATORS TOGETHER. A SENIOR SHADOW MINISTER SAID THAT FRASER WAS RELYING EXCLUSIVELY ON THE ADVICE OF COUNTRY PARTY LEADERS; ANTHONY, NIXON, AND SINCLAIR, ALONG WITH A FEW HARDLINE LIBERALS LIKE SENATOR WITHERS AND DEPUTY LEADER LYNCH AND HARDLY CON- FERRING AT ALL WITH OTHER IMPORTANT LIBERAL MEMBERS OF THE SHADOW CABINET. THIS SHADOW MINISTER SAID THAT FRASER WAS QTE ONLY CONSULTING WITH FELLOW GRAZIERS END QTE AND SAID POINTEDLY QTE WHEN SNEDDEN WENT TOO FAR WE HAD TO GET RID OF HIM END QTE HE ALSO STATED FLATLY THAT AT LEAST TWO LIBERAL SENATORS WOULD REFUSE TO REJECT RATHER THAN DEFER THE GOVERNMENT'S SUPPLY BILLS IF THEY WERE ASKED TO DO SO.

7. AT THE MOMENT THE AUSTRALIAN PUBLIC SEES THE ISSUE AS ONE IN WHICH THE OPPOSITION IS REFUSING SUPPLY; DIS- SATISFACTION WITH THE WHITLAM'S GOVERNMENT'S PERFORMANCE HAS BEEN MOMENTARILY FORGOTTEN. ALP FEDERAL SECRETARY DAVID COOMBES CAUTIONED EMBOFFS AGAINST ASSUMING THAT LABOR'S RISE IN THE PUBLIC OPINION POLLS INDICATES A PERMANENT SWING IN FAVOR OF LABOR. HE BELIEVES THAT THE PUBLIC WILL SWING AGAINST LABOR AND TOWARDS THE OPPOSITION AS SOON AS THE CONFRONT- ATION OVER THE SUPPLY BILLS IS ENDED.

8. IN OUR VIEW, WHAT FRASER HAS DONE IS TO RESCUE THE WHITLAM GOVERNMENT FROM AN ALMOST IMPOSSIBLE POSITION AND TO GIVE IT A FIGHTING CHANGE TO SURVIVE UNTIL THE END OF ITS ELECTED TERM IN 1977. IN THE PROCESS HE REVEALED POOR JUDGMENT IN WITHHOLDING SUPPLY AND SHOWED THAT HE IS UNABLE TO BEST WHITLAM IN PARLIAMENTARY DEBATE. FRASER HAS A NUMBER OF PO- TENTIAL RIVALS WITHIN THE LIBERAL PARTY WHO MIGHT WELL BE TEMPTED TO TRY TO REPLACE HIM AS LEADER AS A RESULT OF HIS PERFORMANCE TO DATE. GIVEN THE PRESENT

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