

Australian prime minister under siege

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Australian Liberal Party prime minister John Howard is under siege from leading sections of the media and financial elite over his attempts to shore up his government's flagging electoral support with rural and regional voters. The catalyst for the latest round of criticism has been Howard's intervention to ensure that a group of rural workers be paid all their entitlements after the company for which they worked went bankrupt.

National Textiles, a clothing manufacturer in Rutherford, north of Sydney, went into voluntary receivership on January 21 owing its 342 employees more than \$11 million in unpaid entitlements including holiday and sick pay, superannuation, long service leave and a redundancy payout. While touring regional areas in early February, Howard met with the workers and on February 8 announced a state-funded bailout of \$4 million, as well as \$2 million for retraining. Justifying his decision, he declared government had an obligation to "give a little bit of assistance" to the victims of economic change and reform.

The bailout was always going to be controversial, not least because Stanley Howard, the prime minister's brother, is a director of National Textiles. As well, Howard had refused to meet workers from the Melbourne-based Braybrook Manufacturing that shut down in December under identical circumstances. Some 3,000 businesses go bankrupt each year without fully paying employee entitlements.

Accusations of favouritism and that Howard acted to protect a family member have abounded in press coverage, particularly in the Murdoch media. An editorial in the *Australian*, Murdoch's national flagship, declared: "It would be a poor use of \$6 million in public funds even if the prime minister's brother was not involved. But he is involved and this must raise the issue of favouritism, if not corruption."

The opposition Labor Party moved a censure motion against the prime minister when parliament resumed last week, and further investigations may yet implicate him in improper conduct.

But whatever the prime minister's intentions toward his brother, his actions have been primarily designed to save his government. The most bitter media denunciations have been directed against Howard's efforts to woo regional voters—traditional supporters of the Liberal-National coalition who have deserted the two parties in droves—at the expense of

corporate interests.

The fact that Howard was even in Australia, let alone in rural areas, in the first week of February provoked scathing criticism by political commentators. He decided not to attend the World Economic Forum in Davos, Switzerland where other world leaders gathered in an attempt to revive stalled trade talks and lay down some structure for international economic relations. Instead, Howard elected to undertake a tour of regional Australian communities to "listen" to the concerns of ordinary people.

In response, the *Financial Review* devoted its January 30 editorial to "The hard facts of global life," commenting: "If the prime minister can bribe rural voters to let the rest of us get on with the job of fixing the Australian economy, no-one will seriously object—as long as the cost is not too high. But Mr Howard must not compromise the remaining economic reform agenda."

As Howard moved from town to town in what used to be conservative-voting heartland, he was met with angry demonstrations and denunciations over falling living standards and growing impoverishment. Rationalisation by government departments and private industry, both before and during the present government's term in office, has seen thousands of jobs disappear. The transformation of Australian capitalism to meet internationally competitive benchmarks has left rural communities with some of the highest rates of poverty, unemployment and youth suicide, and the least access to services and social support.

Responding to the protests, Howard declared that no further government offices or departments would be permitted to close in rural areas without a lengthy government review. Amid speculation that rural petrol prices would rise with the introduction of the Goods and Services Tax in July, he guaranteed it would not. A hike in interest rates, right in the middle of his regional tour, saw the prime minister denouncing the banks. The bail-out of the Rutherford workers, whose plight was receiving considerable publicity, culminated a week of knee-jerk reactions to voter resentment in outlying areas.

In a February 16 column entitled "Beware of sacred cows in the bush", Ross Gittins of the *Sydney Morning Herald* warned:

"The bush is feeling hugely sorry for itself, its dander is up, and the government's only interest is in placating and appeasing it. If the government keeps on this direction we'll reach the

point where the tail is wagging the dog—where policy is focused on the interests of the third of the population living in regional and rural areas...

"By being so obsequious... he's convincing them of the justice of their complaints, without having the capacity to come anywhere near meeting their heightening demands. He's fanning their anger without the ability to quench it."

But with deepening concern in government ranks about the coalition's declining popularity, Howard's populist efforts have continued. Legislation is to be rushed through parliament guaranteeing government payment of up to \$20,000 to any workers laid off without their entitlements, at an estimated cost of \$100 million per year. Ministers have been ordered to assess all programs for their impact on rural areas and the upcoming budget will include a development strategy to increase government spending in the regions. Banks have been threatened with a "minimum community service" obligation to force them to maintain branches in country towns.

The measures being proposed, even if implemented, will do little to address the social crisis in country areas. The fact that Howard, 20 months before the next national election, has felt compelled to acknowledge the social dislocation in country regions indicates the depth of sentiment against the unprecedented inequities in Australian society and the level of alienation felt towards the major political parties. The hostility of rural voters at the Liberal/National parties is matched in the working class suburbs of the major cities by opposition to the Labor Party and the trade unions. Political life is becoming volatile and unpredictable.

In 1997-1998, the ultra-right-wing One Nation party burst onto the political arena. Widely promoted by sections of the ruling elite it sought to exploit disenchantment in regional areas and channel it into nationalist and demagogic demands for the curbing of foreign investment, re-regulation of the economy, curtailment of immigration and the cutting of welfare benefits to Aborigines and the unemployed.

In 1998 One Nation delivered a major shock to the political establishment when it won 23 percent of the vote and 11 regional seats in the Queensland state election. While it has since all but collapsed—torn apart by in-fighting and a sustained attack by the media—the underlying cause of its rapid elevation remains, namely, mass disaffection with official politics.

This was demonstrated again in the September 1999 Victorian state election. Liberal state premier Jeff Kennett, a prominent advocate of big business interests, privatisation and the slashing of public expenditure, was swept from office in a huge swing against his government, particularly in regional areas.

Howard's rural tour has, however, only served to deepen popular resentment towards the Liberal government. Opinion polls taken in the past week indicate the lowest level of support for the coalition since it won office in a landslide victory over Paul Keating's Labor government in 1996. And policy

initiatives over the next months will only heighten social tensions. On July 1 the 10 percent Goods and Services Tax comes into effect, shifting the tax burden onto consumption and facilitating cuts in company, personal income and capital gains taxes for the wealthy. Latest polling indicates that over 60 percent of the population believes they will be worse off under the new tax.

Nevertheless, the corporate sector is insisting that Howard ignore public sentiment, refuse appeals for special exemptions that complicate the new tax's implementation and resist attempts by workers to win compensatory wage rises.

Strident calls are also being made for the full deregulation of the telecommunications, media and banking sectors in order to attract capital to Australia, and the implementation of further cutbacks to government spending on public health and education—policies that will destroy thousands more jobs.

In a February 15 comment, journalist Alan Kohler wrote in the *Financial Review*: "The prime minister's failure to uphold good policy processes and his wilting like a lettuce in the sun before noisy picketers at a regional factory have led the government to make an unfair and patently discriminatory decision... Insolvency practitioners—tough cases one and all—are shaking their heads in disbelief. Their hard-learned practices of staring down weeping creditors and employees, of changing locks at night and never trusting the word of anyone have been ignored."

The corporate and financial elite are demanding a government that is prepared to "stare down" expressions of opposition, dismiss out of hand the grievances of rural communities and the working class and get on with the job of protecting the interests of the major banks, corporations and international investors.

The media outcry over National Textiles is being used by powerful sections of the ruling class to whip the prime minister into line. In the event that he fails to respond, other options are being canvassed. Not only could charges be laid against Howard as a result of an inquiry into the National Textiles case, but Treasurer Peter Costello is being openly encouraged to carry out a leadership coup.

As the *Australian's* Terry McCrann commented rather crudely on February 12: "... there is not the slightest shadow of a doubt that Costello will move on Howard; if not actually in this calendar year, certainly before the election. And I'd venture to say he will almost certainly be supported by most of the media, including this paper."



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