Australia: Liberal party divisions deepen as leader ousted over carbon trading system

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The extraordinary political crisis wracking the opposition Liberal party intensified further today, with opposition leader Malcolm Turnbull being ousted in favour of right-wing challenger and former Howard government minister, Tony Abbott. Turnbull received 41 votes, to Abbott's 42. Abbott was Turnbull's shadow minister for families, housing, community services and indigenous affairs.

The leadership challenge centred on opposition to proposed legislation for a carbon emissions trading scheme (ETS) negotiated between Turnbull and the Labor government of Prime Minister Kevin Rudd. Competing interests of different sections of big business and finance capital over the ETS have been the driving force behind the bitter and intractable divisions within the Liberal Party. Far from resolving anything, Abbott's accession has set the stage for even greater turmoil.

In a 9 am meeting held in Canberra, the Liberal parliamentary caucus voted 48-34 for a leadership spill, after which Turnbull, Abbott, and shadow treasurer Joe Hockey nominated. Hockey was eliminated in the first round of voting, securing just 23 votes, against 26 for Turnbull and 35 for Abbott. The shadow treasurer had attempted to appeal to the party as a "compromise candidate" on the ETS, announcing yesterday that he would allow a free, conscience vote on the legislation. This offer to stand as head of a party with no formal policy on the ETS was widely derided by his colleagues and in the media. It also caused the Liberals' right wing to withdraw its support, fearing an untied vote would see the required seven Liberal senators vote with the government to pass the ETS this week.

In the second round of voting Abbott defeated Turnbull 42-41. According to reports, one unknown MP returned a vote with "no" written across the ballot paper. Counted as informal, had the vote gone to Turnbull there would have been a deadlock. As it was, the ballot left Abbott without an absolute majority. Casting further doubt on the legitimacy of the process, MP Fran Bailey was unable to attend the party meeting due to illness—she requested a proxy vote but was refused.

The conservatives are now rent down the middle. The Liberal party is now led, for the time being at least, by Abbott—a former Catholic seminarian nicknamed the "mad monk"—who was widely regarded as chief headkicker in former prime minister John Howard's government. Deputy leader Julie Bishop, who reportedly voted for Abbott, has retained her position.

Moments after being elected leader, Abbott insisted on a secret ballot to vote on his proposal that the opposition withdraw support for Labor's ETS and seek to refer the legislation to a senate committee for further examination, thereby delaying a vote on the scheme until parliament sits again early next year. In an effort to shore up his position and prevent Liberal senators from crossing the floor on the ETS vote, Abbott's motion included a provision that the Liberals would vote down the ETS if a delay proved impossible. It was carried 54 votes to 29.

It remains to be seen whether Abbott can enforce party discipline on the senate vote. After losing the leadership, Turnbull was asked by journalists what he thought Liberal senators should do. Without directly answering, the former leader appeared to encourage pro-ETS senators to defy the new party leader, saying "I've always demonstrated that I have the courage of my convictions." Hockey issued a similar statement, declaring: "My view is every individual should have the courage of their convictions—I do. You should be afraid to hide behind the skirt of another person."

Labor's parliamentary secretary for climate change, Greg Combet, has announced that despite the Liberals' apparent rejection of the amended ETS, the government would retain all the concessions to big business contained in the negotiated package.

In selecting Abbott as leader, the parliamentary Liberal Party has defied the strident demands of powerful sections of the Australian bourgeoisie in favour of the sectional interests of a far narrower constituency—primarily the coal industry and the privately owned electricity generators.

Virtually alone among big business, these two sectors stood to lose out under the ETS. Other interests were covered by the corporate compensation worth $A123 billion ($US114 billion) included in the amended ETS. Several fossil fuel industries previously opposed to a carbon trading scheme backed the proposed ETS once the enormous handouts were announced. The Australian Aluminium Council, for example, supported the legislation, with its executive director Miles Prosser publicly

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warning the Liberals before the leadership vote that he “can’t see the circumstances emerging that would deliver a better outcome”.

Finance capital has been the most forceful advocate of the ETS. The new commodity of carbon is now a rapidly growing multi-billion dollar industry, with banks, hedge funds, and other financial institutions engaged in lucrative transnational trade and speculation in pollution credits. A national ETS will allow Australian firms to fully engage with the world carbon market. In addition, there are hopes that the country can gain “first mover” advantage, with Sydney positioned as the regional hub for a potentially enormous East Asian carbon market.

These interests found expression in the unanimous and unconcealed support for Turnbull and his negotiated ETS within the pages of the major newspapers. Speaking today after losing the leadership, Turnbull pointedly thanked the media for their role. The former leader also referred to a letter issued yesterday by the CEO of Woodside, one of Australia’s largest liquid natural gas companies, which, Turnbull claimed, was “pleading” for the Liberals to back the amended ETS and “pointing out that the rejection of the bill puts $200 billion of investment at risk”.

It was these powerful social forces that animated Turnbull’s determined defiance of his anti-ETS opponents within the Liberal Party. In normal circumstances, a parliamentary leader would be forced to resign when faced with the kind of eruption that occurred within the opposition over the last seven days. In this instance, however, Turnbull went on the offensive, attacking Liberal senate leader and prominent climate change “sceptic” Nick Minchin as a “wrecker”. Moreover, he warned that if the “Minchinites” prevailed, the opposition would “end up becoming a fringe party of the far right”.

Turnbull has announced that he will not serve on Abbott’s front bench, or give up his seat before the next election. Amid ongoing chaos within the Liberal Party and anticipating an inevitable emergence of a big business backlash against Abbott’s leadership, Turnbull is positioning himself for a possible return to the opposition top job.

The Liberal Party is now without a policy position on how to reduce Australia’s carbon emissions. Abbott insists that the opposition still agrees with the Rudd government’s proposed targets—the lowering of emissions by between 5 to 25 percent of their 2000 levels by 2020. But how the Liberals propose to achieve this remains unknown, with Abbott today telling reporters that he was not going to announce the coalition’s climate change program. This reticence will quickly prove untenable, because the overriding priority of big business is to secure long term investment certainty.

Abbott declared that he was “not frightened of an election” fought over an ETS. He foreshadowed a populist campaign against the scheme, appealing to entirely legitimate concerns among ordinary people that the legislation will do nothing to resolve the climate change crisis, while substantially increasing the cost of living through petrol and energy price hikes. Abbott today labelled the ETS a “$120 billion tax on the Australian public” and an “energy taxation scheme”.

There is no question that the Rudd government’s scheme has nothing to do with protecting the environment and that it is aimed at meeting the demands of the most powerful sections of the Australian ruling elite. But Abbott is unlikely to be able to capitalise, given the rank hypocrisy of his posturing as a defender of the interests of working people against those of finance capital. Most pundits are anticipating that the Liberal party will be routed in the next election.

It remains to be seen whether Rudd will call an early election if the ETS is blocked in the senate. On the one hand, Labor seems likely to win, but on the other, Rudd and his ministers undoubtedly harbour deep concerns about permitting a prolonged public debate on carbon trading. Both Rudd and Turnbull had hoped to rush the ETS through with minimal public scrutiny. Labor’s problem is that the more people have learned about what an ETS actually entails, the more suspicion and outright opposition has emerged.

Opinion polls published on Monday showed two-thirds majority support for an ETS—but more than 70 percent of respondents admitted not understanding the scheme’s details. The polls also showed that contrary to media expectations, the Liberal Party crisis had not generated higher support for Labor. The Greens, instead, have been the beneficiaries, registering 13 percent support—up from 7.8 percent at the last election. While the Greens back carbon trading and the entire official framework of the debate on climate change, they have said they will vote against the government’s ETS because of inadequate emissions targets.

Whatever the outcome of the senate vote this week, as public scrutiny of the ETS develops it will become increasingly clear that neither a resolution to the climate crisis, nor the fundamental interests of ordinary working people, can be advanced by any of the contending parties in the official parliamentary debate.

The author recommends:

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