

Australia: Opposition leader unveils slush fund for corporate polluters and agribusiness

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Liberal leader Tony Abbott last week released the opposition coalition's new climate change policy, pledging to establish a multi-billion dollar public fund to be placed at the disposal of the largest corporate polluters and agribusiness interests.

Like the Emissions Trading Scheme (ETS) of the Labor government, Abbott's alternative "direct action" plan has nothing to do with reducing carbon emissions to the necessary, scientifically-determined, levels. The coalition instead aims to win the support of those sections of business dissatisfied with the proposed ETS—above all the mining industry and the privately owned coal-fired power generators—while waging a populist campaign, appealing to widespread public concerns over the regressive impact of a carbon trading scheme.

Abbott's policy is shot through with inconsistencies and anomalies—a reflection, above all, of the political crisis that continues to wrack the Liberal Party.

Abbott assumed the leadership last December after ousting Malcolm Turnbull by a single vote in a Liberal parliamentary caucus meeting. In line with the demands of dominant sections of business and finance capital, Turnbull had attempted to cut a deal with the government and rush the ETS legislation through parliament. Turnbull's stance provoked a rebellion among Liberal MPs with close ties to the fossil fuel sector—which under the former Howard government had effectively determined climate policy. They were joined by the Nationals, who opposed the ETS from the outset over concerns about the impact of rising costs for less efficient farming interests.

Abbott's new climate change policy is projected to cost \$3.2 billion over four years. The bulk of this, \$2.6 billion, is allocated for an Emissions Reduction Fund—essentially an enormous public slush fund for business. Corporations that supposedly demonstrate a reduction in carbon emissions below their individual baseline level will be rewarded with a handout. Any polluters who continue to operate at "business as usual" levels will be unaffected by the scheme. Financial penalties may be imposed on companies whose emissions increase beyond their "business as usual" levels. But the coalition's

30-page policy paper emphasised that the "value of penalties will be set in consultation with industry", "will not apply to new entrants or business expansion at 'best practice'", and "is only expected to apply in exceptional circumstances".

More than half of the coalition's promised emissions reduction is to come through soil carbon absorption, or bio-sequestration. Abbott has pledged a "once in a century replenishment of our national soils and farmlands"—effectively a multi-billion dollar subsidy to agribusiness and farming interests. This aspect of the opposition's policy clearly reflects the greater weight of the National Party within the coalition under Abbott's leadership.

The other potential big winner from Abbott's plan is the electricity sector. Much of the Emissions Reduction Fund is expected to be made available to the coal-generated power stations that are responsible for more than one-third of Australia's total emissions. Other aspects of the coalition's policy include public subsidies for home solar panels, the creation of "solar towns and solar schools", and the planting of 20 million trees by 2020.

Several commentators dwelt on the "irony" of the differences in the major parties' climate change policies—the Liberal Party proposes the transfer of public subsidies to selected industries while Labor, led by the so-called critic of "neo-liberalism" Prime Minister Kevin Rudd, advances a free market carbon trading scheme. In reality there is no irony or contradiction at all. Both parties represent the interests of big business; the Labor Party, however, is focussed on the "national interest" as a whole—i.e., the dominant sections of finance and industrial capital—whereas the opposition coalition is concerned about specific sectional interests.

The *Australian Financial Review* noted last Friday: "Mr Abbot's plan has been welcomed by carbon-intensive exporters, such as mining and aluminium ... but there is concern in some sections of the business community that because it fails to provide a clear, long-term carbon price, the scheme would not give investors the certainty they need".

Investor Group on Climate Change represents firms including Goldman Sachs, AMP Capital, and superannuation fund CBus. Its chief executive Nathan Fabian told the *Review*: “Investors are struggling to see any clear signal in the opposition plan. The uncertainty of where to direct capital remains.”

Malcolm Turnbull yesterday told parliament that he would vote with the government for the ETS. “The proposed ETS is a balanced, substantive and timely step forward on an issue of immense importance,” he declared. “And by relying so heavily on market forces to address this challenging problem, the ETS is far more in the great traditions of modern liberalism than any other available policy response.”

Abbott has combined his pitch to specific industries with a focus on the Liberal Party’s right-wing base. While pledging action on climate change, Abbott is at the same time dependent on colleagues such as Senator Nick Minchin, who believes climate change is a hoax, akin to a communist conspiracy. Abbott himself is on the record as saying the science behind global warming is “absolute crap”. He recently met with prominent climate change “sceptic” Lord Christopher Monckton.

The National Party’s senate leader and shadow finance minister Barnaby Joyce has played a prominent role in the coalition’s campaign. He recently explained that the coalition’s \$3.2 billion climate policy could be financed by reducing Australia’s foreign aid bill as well as through public service job cuts.

The opposition’s focus is on promoting an anti-ETS populist pitch. Abbott uses every available opportunity to describe the government’s scheme as a “great big new tax on everything”. He has also demanded that Rudd explain exactly how much petrol, heating, food, and other costs of living for ordinary people will rise under the ETS. Abbott accuses Labor of seeking to establish “a new class of carbon speculators who, in time, could do as much for the environment as derivative traders have done for the world banking system”.

Labor has no answers. The Liberals’ criticisms of the ETS, although grossly hypocritical, are accurate. Rudd’s proposed “free market” carbon trading scheme will hit working people and the poor with substantially higher living costs. The government is acutely aware that as the ETS becomes subjected to even minimal public scrutiny, illusions that the proposal has something to do with tackling climate change will evaporate and opposition will develop.

Rudd had banked on Turnbull’s cooperation in ensuring the legislation was passed with minimal public debate. The ETS is

now before the parliament again, and unless Labor can secure a deal with the Greens or convince at least seven Liberal senators to cross the floor, the legislation will be defeated. As Abbott is well aware, the prime minister is reluctant to call an early, “double dissolution” election (in which both houses of parliament are dissolved) over the issue. Broad opposition to the government is emerging, not just over the ETS but against Labor’s entire right-wing economic and social program. The impasse over the proposed carbon trading scheme is therefore the expression not only of the Liberal Party’s crisis but the Labor government’s as well.

The debacle at last December’s world summit on climate change at Copenhagen has undermined Labor’s push for the rapid installation of an Australian ETS. Finance capital had anticipated that securing “first mover” advantage in carbon trading would position Australia as the regional hub for a highly lucrative Asian carbon market. But the failure to secure a post-Kyoto climate treaty in Denmark, combined with widespread scepticism that the next summit due in Mexico later this year will achieve anything of note, has dampened expectations that China, India, and other east Asian economies will each soon establish a national ETS.

The *Australian* last week cautiously welcomed Abbott’s climate policy. The Murdoch newspaper declared that while the coalition’s plan “falls short of the comprehensive document voters might have expected”, it recognised that the “climate change debate has been transformed by the failure of Copenhagen ... it is wrong to suggest that Australians have no choice but to lock themselves into a carbon market ahead of the world”.

For all the media commentary on the issue, no attention has been paid to the fact that the Labor government and the opposition are both committed to reducing national emissions by just 5 percent by 2020. The UN Intergovernmental Panel on Climate Change has concluded that advanced economies must lower emissions by between 25–40 percent—and recent scientific studies indicate that even this target likely underestimates what is required. In other words, the Australian political elite, like its counterparts internationally, has no intention of taking the necessary steps to avoid environmentally devastating climate change.



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