

# Australian election: Corporate concerns raised about “broken political system”

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In an extraordinary and desperate move, Labor Prime Minister Julia Gillard has drafted her predecessor Kevin Rudd to campaign for the re-election of the Labor government.

The two met in Brisbane on Saturday, the first time they have appeared together since the June 23-24 coup that ousted Rudd and installed Gillard. Journalists were barred from the tightly stage managed affair, with just one television cameraman and a photographer allowed into the meeting for two minutes to capture images for evening news broadcasts and newspaper front pages. Even so, the AFP noted in its account, “the tension was palpable”, with the two figures “grim-faced and unable to make eye contact”. Gillard subsequently fronted a press conference, while Rudd was hustled out another exit, evading the media.

Gillard’s overtures towards Rudd are driven by Labor’s free-fall in recent opinion polls. According to various surveys during the past two weeks, Labor now trails the opposition coalition, with its performance in Queensland so poor that the party could lose several seats in what is Rudd’s home state. While the former prime minister had been entirely sidelined by the Labor campaign in its first three weeks, he is now being touted as the potential saviour of Gillard’s government, and will reportedly appear across the country.

This bizarre turn of events underscores the extent to which the June 23-24 factional coup plotters within the Labor Party underestimated the extent of public opposition and anger generated by their anti-democratic actions. Despite the best efforts of Gillard and the factional chiefs to bury any examination of the still unexplained sequence of events leading up to Rudd’s axing, the coup remains the key political issue of the 2010 election campaign. Under conditions of unprecedented levels of disaffection and disinterest among broad layers of ordinary people towards the major political parties, the coup has only heightened the general sense that the official political setup bears no relationship to the interests and concerns of the population.

Gillard’s promotion of Rudd as a key campaigner for the government has put paid to the Labor Party’s official explanation for Rudd’s removal—that because of the former prime minister’s low opinion polls, he could not win an election, and the leadership therefore had to be changed. In

reality, Gillard was installed to orchestrate a policy shift to the right on a series of issues, including the proposed resource super profits mining tax and a shift from a policy of fiscal stimulus to austerity. While much is still to emerge, there is no question that major global geo-strategic concerns were also involved, bound up with escalating US-China rivalry and the extent of Australia’s commitment to the US-led Afghanistan war.

The deepening crisis of the Labor government’s campaign has heightened anxieties within ruling circles over the implications of a Liberal-National election victory.

Expressing widespread corporate concerns that Abbott and the Coalition had yet to outline their economic agenda, Murdoch’s *Australian* editorial today, entitled, “Room for more ambition from confident Coalition”, declared of opposition leader Tony Abbott: “His is a moderate program reflecting a Coalition still in reactive mode and a leader who may have set his benchmark as prime minister below what the nation needs... Abbott cannot expect to win by default. He is up against a first-term, incumbent government presiding over a sound economy. It is not enough to promise to clean up the mess.”

Abbott is still regarded as something of a loose cannon, with his parental-leave scheme a particular bugbear. The opposition leader has proposed a 1.5 percent levy on big business to fund publicly paid parental leave for six months at the mother’s full pay. The measure has been placed at the centre of the Liberals’ campaign, as an example of their “social compassion”, and is aimed at appealing particularly to young women who have leaned towards Gillard. Corporate Australia, however, regards the additional impost as an outrage and has encouraged elements within the Liberal-National coalition to undermine it; several media reports have already claimed that if elected, Abbott will face a mutiny within his ranks against the proposed leave scheme.

Former Liberal Prime Minister Malcolm Fraser (1975-1983) has declared that Abbott is “unfit to govern”. Nobel prize winning economist Joseph Stiglitz, currently visiting Australia, has also chimed in, openly backing Labor’s stimulus program following the 2008 global financial collapse, and concluding that Abbott “could lead Australia into difficulty”. Most significantly, former Reserve Bank governor Bernie Fraser has

mounted an unprecedented public attack on the coalition, characterising its rejection of Labor's fiscal stimulus package as a "blot" on its economic record, and condemning Abbott's "brazen scaremongering" over the size of Australia's national debt.

In an article in the August 5 *Business Spectator*, Michael Gawenda highlighted the paucity of political talent within both the Labor and Liberal parties. On the opposition, he noted that "less than a year ago, half [Abbott's] parliamentary colleagues didn't think he was leadership material", while "[Joe] Hockey is personable in a buffoonish sort of way, but he has been a hopeless shadow treasurer". Gawenda similarly derided deputy Liberal leader Julie Bishop and National Party senator Barnaby Joyce, before concluding that former Liberal leader Malcolm Turnbull ("the most talented, perhaps the smartest coalition politician") would likely remain marginalised under Abbott's leadership.

Within ruling circles, concerns are mounting, not just over the Liberal and National parties but at the state of the political system as a whole.

Throughout the campaign, both Labor and the opposition have been pledging new spending, albeit far more limited than in the past, in key marginal electorates as part of their efforts to effectively buy their way into office. At the same time, none of the parliamentary parties is openly discussing the agenda it will be required to implement as soon as the election is over—an austerity program involving unprecedented cuts to public spending in key areas including health, education, and welfare, and a new wave of "free market" economic restructuring to bolster the "international competitiveness" of Australian capitalism by driving down the living standards of the working class. As a result, fears are being raised that the next government will lack any form of popular mandate or authority to carry out such measures.

Last Thursday, Ross Garnaut, economist and former senior climate change advisor to the Labor government, delivered a speech on "Australia's Governance Struggle in a Changing World". The address amounted to a sweeping denunciation of the current political setup. Garnaut noted that there had been "no successful major step in productivity-raising reform since the tax changes associated with the introduction of the GST in 2001". He added that "total factor productivity has actually gone backwards since 2005" and that "productivity was replaced as the engine of growth by a huge expansion of housing and consumption, supported by increasing bank debt." This process, however, had now reached its limit, with the "contribution of the resources boom to growth in Australian incomes likely to be at a peak in 2010". As a result, "Australians face hard economic policy choices in the period ahead. Not since the 1930s have Australians faced such tight constraints on growth in living standards, and such high risks of instability and rising unemployment if the constraints are seriously breached."

Garnaut pointed to the Labor government's commitment to an effective zero percent increase in real public spending, and noted the "large gap between what will be necessary for economic stability and acceptably full employment in the period ahead, and community expectations for continuing increases in living standards". The economist bemoaned the "nadir of the early twenty first century political culture, in which short-term politics and accession to sectional pressures [holds] sway over leadership and analysis of the national interest", and called for the "restoration of the political culture of the reform period" under the Hawke-Keating Labor governments and the Liberal-led administration of John Howard.

The *Australian's* editor-at-large Paul Kelly highlighted Garnaut's remarks in an article last Saturday that began: "There is the suspicion that Australia's political system is heading for a train wreck post-election."

Kelly described the official campaign, concluding: "This will not be the sort of political environment that generates substantive policy reform. Gillard seeks no election mandate for an ambitious economic agenda; there is little sign re-elected Labor will plunge into productivity and competition policy initiatives; the best to be expected is the return to budget surplus in three years." Citing Garnaut's warning of "hard economic policy choices", the commentator concluded: "Fiscal policy aside, there is no such recognition in the campaign... Abbott and Gillard are on notice. Without a post-election resurrection of braver leadership the political system will be failing the public interest test."

The real "test" for the parliamentary apparatus is not "public interest" but rather delivering on behalf of the major corporations and financial markets. On this measure there are clear indications that the existing parliamentary framework is increasingly regarded as inadequate, raising the question as to what other alternative political forms of rule—in the aftermath of the Gillard coup—are being prepared behind the scenes.

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