

Corporate discontent triggers dispute in Australian opposition party

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Mounting dissatisfaction in Australia's corporate and financial elite with Tony Abbott's leadership of the Liberal Party produced an extraordinary public furore in the party this week. Citing growing concern among business leaders, former senior Howard government minister Peter Reith accused Abbott of being too frightened to mount a further offensive on workplace relations.

While Reith's charge focused on the key issue of industrial relations, it pointed to wider concerns in ruling circles over the failure of the Abbott-led Liberals to outline any plans for a deeper attack on the social position of the working class amid the worsening global financial crisis.

Reith denounced Abbott after the Liberal leader reneged on a deal to back Reith for the federal presidency of the party. Reith lost his bid for the post by just one vote—effectively Abbott's—at last weekend's Liberal Party federal council meeting. Abbott was caught on camera filling out his ballot paper and showing it to the incumbent, Alan Stockdale—a sure sign that he voted for him. Reith's response was scathing, saying Abbott had behaved like a “lackey” of a party boss.

In a newspaper column on Tuesday, Reith revealed that he had struck a pact with Abbott for Reith to confine his workplace relations views to internal party forums, in return for Abbott's backing to head the party's national organisational structure. Earlier this year, Reith had publicly called for renewed industrial “reform,” including the reintroduction of individual workplace contracts, a regime that he implemented as workplace relations minister under John Howard, the former prime minister, in 1996.

Referring to the Howard government's election loss in 2007, Reith's column accused Abbott of being “spooked” by the Work Choices “bogeyman.” Deep working class hostility to the Work Choices legislation, which outlawed most strikes and permitted employers to impose statutory

individual agreements on workers, became a major factor in Howard's defeat. Labor and union leaders, assisted by pseudo-left groups, eventually channelled the opposition of the working class behind the election of the Labor government, even though its Fair Work industrial laws would retain and reinforce all the punitive anti-strike measures.

Reith condemned Abbott for declaring, during last August's election campaign, that the entire Work Choices issue was “dead, buried and cremated.” Reith hailed two state Liberal premiers, Ted Baillieu in Victoria and Barry O'Farrell in New South Wales (NSW), for having just announced harsh new workplace relations measures. Reith called on Abbott to match the pair in riding roughshod over public opposition to their plans.

Reith also accused Liberal Party officials of “burying” a report that they had commissioned him to write on the party's structures and the reasons behind its failure to unseat the Gillard government at last year's election. According to media leaks, the report expressed deep concern about the party's declining membership and finances. It is believed that corporate donations in particular have dried up—another measure of business discontent.

Reith's election bid had strong backing in the political establishment. He was supported by a number of former Howard ministers, including John Howard himself, ex-foreign minister Alexander Downer and one-time immigration minister Amanda Vanstone. Vanstone had written a June 20 newspaper column endorsing Reith's candidacy, in order to “shake the party out its lethargy.” She warned: “Any organisation that just continues to offer more of the same is heading for the cemetery.”

There was a last-minute public campaign against Reith by another former senior minister, Nick Minchin, who leads a right-wing party grouping. This only highlighted the faction-

ridden state of the Liberals, with sharp divisions over major policy issues. Minchin played a similar role in installing Abbott as party leader in December 2009, ousting Malcolm Turnbull, who had crafted a bipartisan deal with the Labor government to establish an emissions trading scheme that would have created a potentially lucrative financial market in carbon credits.

With the Gillard government sinking to historic lows in the opinion polls, the blow-up at the Liberal council meeting heightened fears in ruling circles that the official opposition is unable to develop any policy without provoking infighting. Abbott's speech at the meeting consisted of a populist pitch for votes, appealing to the groundswell of opposition to the Labor government's pro-business program. Abbott promised unspecified tax cuts, reversal of some family welfare cuts and massive spending on motorways and rail freight lines.

Business Spectator columnist Bernard Keane declared that Abbott was "trashing his party's tradition of economic management." Keane ridiculed Abbott's "tired repetition" of his unsubstantiated and discredited claim to have identified \$50 billion in spending cuts. "Abbott wants it both ways—the freedom to announce a package of goodies—tax cuts! New road and rail networks! Welfare for everyone—without the responsibility of explaining or even faintly alluding to—how it will all be paid for."

Keane pointedly contrasted Abbott's "incapacity to handle the basics of economic policy" with the *Fightback!* policy package that Reith had helped draft in 1991 when he was deputy Liberal leader to John Hewson. That program, which was abandoned after the Keating Labor government survived the 1993 election, included the abolition of industrial awards covering working conditions, the elimination of unemployment benefits after nine months, the scrapping of Medicare "bulk-billing" for treatment by doctors, a 15 percent Goods and Services Tax, multi-billion dollar cuts to social welfare and large-scale privatisations.

Repeating a theme that has become increasingly agitated in tone over the past year, yesterday's *Australian* editorial denounced both the Gillard government and the Abbott-led opposition for showing "an aversion to reform, especially in the area of industrial relations." The editorial ended by encouraging possible leadership changes, insisting that "Australia needs a mature leader to forge a constructive reform debate."

The rancorous rifts inside the Liberal Party are further

evidence of the economic and financial pressures bearing down on the Australian capitalist class. Last year's pretences that Australia had escaped the global financial crisis have given way to the reality that the much-hyped mining boom is laying waste to entire areas of the economy, the deteriorating situation in Europe and the United States threatens a new financial meltdown that could dry up funds for the local banks, and Australian business is highly exposed to any crisis in the debt-ridden Chinese economy.

Two peak employer groups, the Australian Chamber of Commerce and Industry and the Australian Industry Group, used Reith's intervention to renew their demands for amendments to the Fair Work laws, accusing both major parties of being too reticent to advocate changes to drive up productivity and "international competitiveness."

The two state premiers hailed by Reith, having both won elections without once disclosing their plans, have set precedents for a new assault. In Victoria, Baillieu last week declared he would tighten the industrial relations code applying to construction companies—a move to suppress industrial action by building workers, drive down their wages and tear up previous concessions on safety and other workplace conditions.

In NSW, O'Farrell recently rammed through legislation to dictate wage and "productivity" outcomes to the state's Industrial Relations Commission for public sector workers, paving the way for outright pay cuts and reductions in core conditions such as penalty rates, sick leave, long service leave entitlements and holidays.

The high-level corporate and media backing for Reith's campaign makes it clear that these measures are now regarded as national benchmarks. Given the narrow defeat of Reith's bid for the Liberal Party presidency, further conflicts are sure to erupt inside the opposition as the business intervention escalates.



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