Rising corporate dissatisfaction with Australian Labor government

Patrick O'Connor
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Rising dissatisfaction in business circles with the Labor government found sharp expression during an executives' forum sponsored by Murdoch's *Australian* newspaper in Melbourne last Friday. The assembled CEOs not only denounced Prime Minister Julia Gillard for failing to implement sufficiently pro-business policies; former Telstra chief Ziggy Switkowski declared that the government had a "whiff of illegitimacy."

Switkowski's extraordinary statement followed a public discussion at the Business Leaders Forum—hosted by the *Australian* and Deutsche Bank—involving Switkowski, Qantas chairman Leigh Clifford, the incoming chairman of Westpac Bank Lindsay Maxsted, and David Knox, CEO of oil and gas company Santos. The event demonstrated the acute nervousness within the corporate elite over the implications for the Australian economy of the worsening global crisis.

Qantas chairman Clifford declared that if the industrial relations laws were not revised in order to boost productivity and lower business costs, there could be "Armageddon down the track." He said the replacement of the former Howard government's Work Choices legislation with Gillard's Fair Work Australia regime had "swung the pendulum too far the other way," adding his voice to the clamour of business and media demands for the Labor government to make its industrial laws even more draconian.

Fair Work Australia already contains more anti-democratic restrictions on workers' ability to take industrial action than WorkChoices did, and the number of strikes remains at an historic low. Nevertheless, the very limited protections on working conditions contained in the Labor government's legislation—including unfair dismissal laws and overtime penalty rates—are regarded by business as intolerable restrictions on maximising the "flexible" exploitation of the workforce.

Qantas is currently attempting to ram through a major restructuring of its operations, slashing its Australian-based workforce and using low-wage Asian pilots, flight crew and engineers instead. Clifford told the Business Leaders Forum: "The situation in Australian industry, certainly in the airline industry, is we are competing in a very competitive environment ... we've got to make sure we are productive."

There was similar dissatisfaction with the proposed carbon tax. "The absolute key point for business is we need certainty," Santos's Knox declared. "We need to really understand what's in front of us so that we can continue to invest."

The Gillard government's carbon tax is a key measure pitched to big business and finance capital. The tax is designed to promote investment in the energy sector, boost the economy's international competitiveness by reducing its dependence on coal-generated electricity, and provide Australia's banks and financial firms with access to the lucrative international market in trading carbon credits.

Business stills lacks certainty, however, because of doubts over Gillard's ability to deliver the measure. The opposition Liberal-National coalition is continuing its pseudo-populist campaign against any form of carbon tax or emissions trading scheme. Moreover, the minority Labor government has record low standings in the opinion polls and there is mounting media speculation about a possible move to oust Gillard as prime minister and junk the carbon tax. "A new leader—someone such as Defence Minister Stephen Smith, for whom there appears to be growing support as a 'safe hands' replacement for Gillard—would need a new climate change policy," the *Australian Financial Review* reported on Monday.

The assembled CEOs in Melbourne were questioned by the *Australian*'s national affairs correspondent Jennifer Hewitt about the "great frustration" with Canberra and whether "this was turning out to be a bad government for business."

Switkowski replied by accusing the government of having a "whiff of illegitimacy." He raised last year's Labor Party coup against Kevin Rudd, saying the "manner of the prime minister's appointment was a difficult position from which to claim any kind of moral authority, she's struggled since then." Referring to Gillard's election promise not to introduce a carbon tax, the senior business figure also noted that the tax had been introduced "following a pre-election position that was the obverse of that."

Westpac's Lindsay Maxsted was then asked whether "there is this illegitimacy, or is it more just problems with [policy] execution that we're talking about." He replied: "I think it's

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both," adding: "I think it's a really difficult relationship at the moment. It's probably the most difficult relationship I've seen between business and a federal government."

Such remarks are emerging more frequently in sections of the media. *Business Commentator* columnist Alan Kohler stated on Monday that "relations between the federal government and business are as bad as they've been for forty years."

The *Australian* gave prominent coverage to the Business Leaders Forum discussion. The day after she participated in the event, Jennifer Hewitt wrote: "The business community has virtually given up on the Gillard government. And now it's out in the open... What yesterday's comments show is that the private and broad-based frustration with this Labor government is now so intense that business leaders feel they have a responsibility to explain how much is going wrong in Canberra."

An *Australian* editorial returned to the theme on Tuesday. "That business leaders have found their voice reflects the depth of concern about the policy void Labor has allowed to develop since the 2007 election," it declared. "The Rudd and Gillard governments have failed to implement labor market and tax reforms or generate the infrastructure needed to increase productivity. Indeed, Labor has gone backwards on industrial law." Warning that a "modern economy needs a modern understanding of the role of the corporation," the editorial concluded with a blunt warning to Gillard: "She should be careful."

The prime minister's office responded to the business forum by insisting that Gillard was "strongly pro-business." According to the *Age*, a spokesperson "highlighted plans to cut company tax" and said that "returning the budget to surplus quickly would be good for business." The problem for Gillard, however, is that the "free market" measures that she has already implemented are now regarded as insufficient in the face of a sharpening global economic crisis, concerns over a slowdown in China, and the emergence of recession-like conditions in nearly every sector of the Australian economy other than mining.

The Labor government has clearly been put on notice. The Business Leaders Forum and the *Australian*'s coverage of the event amount to a shot across Gillard's bow, foreshadowing a campaign to remove her from office unless more sweeping cuts to public spending are implemented, in line with the austerity programs in Europe and the US, and the industrial laws revised to better facilitate corporate restructuring measures aimed at slashing jobs, driving down wages and tearing up conditions.

Switkowski's comments point to the character of the campaign in the event that a decision is made in ruling circles that Gillard has to go.

The far-reaching implications of the unprecedented and anti-democratic coup against Kevin Rudd were deliberately suppressed by the media in the aftermath of Gillard's installation. A small group of Labor Party factional apparatchiks and trade union leaders acted on behalf of key sections of ruling elite, including business leaders who wanted to junk the Resource Super Profits Tax and end Rudd's stimulus spending measures. These same forces may nevertheless decide to raise Gillard's ruthless role in Rudd's removal as a means of tainting her with a "whiff of illegitimacy" while alternative political mechanisms are developed. Indeed, the latest references to last year's coup constitutes an implicit warning to Gillard that she could find herself out of office as quickly as Rudd if her government does not implement the required policies.

For now, there is no organised campaign in ruling circles to remove Gillard and the Labor government. This is largely due to dissatisfaction with opposition leader Tony Abbott. His "direct action" climate change policies are regarded as too costly, he has rejected demands that the Liberal Party revives aspects of WorkChoices, and has been unable to specify what public spending cuts he would impose in government. The *Australian* bluntly declared in an editorial last week: "Mr Abbott's demands for an early election cannot be taken seriously when his own policy development is so inadequate."

The "policy development" being demanded of both Gillard and Abbott involves preparations for a ruthless assault on the social position of the working class. The social counter-revolution unfolding in the US and Europe—with decades-old social welfare systems being destroyed and wages permanently lowered—is now on the agenda in Australia.

The urgent political task confronting working people and youth is to politically intervene in defence of their independent class interests. The Socialist Equality Party is holding weekend conferences in Sydney and Melbourne in August on "The Failure of Capitalism and the Fight for Socialism Today" to discuss these issues of political perspective and leadership. We urge *World Socialist Web Site* readers to register in advance and attend.

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