

Australian government crisis deepens after High Court's refugee ruling

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6 September 2011

The minority Labor government remains mired in crisis following last week's High Court ruling against its so-called "Malaysia solution"—a plan to deport hundreds of refugees to Malaysia to deter future asylum seekers from attempting to reach Australia by boat.

Prime Minister Julia Gillard has said she is considering an offer from opposition leader Tony Abbott to jointly draft new legislation aimed at circumventing the High Court judgment and reinstating the government's ability to remove asylum seekers to countries in Asia and the Pacific.

The government received advice from the solicitor-general indicating that the ruling on the Malaysia refugee deal also threw into question the legality of sending refugees to Papua New Guinea, as the government has been planning, and Nauru. Gillard yesterday indicated that she is likely to accept Abbott's offer, provided that he "is talking about working with the government on offshore processing generally not on his narrow solution," i.e. reviving the Nauru detention camp.

The High Court made the carefully constrained finding that a section of the Migration Act effectively entailed that the government could not deport asylum seekers to a third country that had no legal protections for their safety and well being.

Now even this limited protection afforded to people claiming asylum in Australia is under threat, with Gillard and Abbott preparing to close ranks on the issue. The proposal to amend the Migration Act underscores the contempt that the Australian ruling elite has for basic democratic rights. The Labor government's entire "border protection" regime is based on a repudiation of the right of people fleeing oppression to claim asylum in

the country to which they have escaped.

Gillard responded to the ruling by castigating the High Court, and its chief justice, for "missing an opportunity" to "send a message" to asylum seekers. Her statement was endorsed by the *Australian's* editor-at-large Paul Kelly, who in a column on Saturday accused the High Court of attempting "to substitute its policy for that of the Australian government." The establishment media is now lining up behind a bipartisan move to change the Migration Act.

Media speculation continues about a possible leadership challenge to Gillard. The *Age's* columnist Michelle Grattan, who is generally sympathetic to the government and to Gillard, described the prime minister as "a dead woman walking, to be dispatched by the people at the election or perhaps by her party before."

The *Australian* today published an opinion poll showing Labor's primary vote at just 27 percent, against 50 percent for the Liberal-National coalition. Gillard registered a record low personal approval rating of just 23 percent. The newspaper reported: "Many Labor MPs are now discussing the possibility of replacing Ms Gillard, possibly with the man she unseated—Kevin Rudd."

Last year's anti-democratic Labor Party coup against Rudd, orchestrated by powerful forces within the ruling elite, was met with widespread opposition from ordinary people. Concerns have been raised in sections of the Labor Party and the media about another leadership change being executed in a similar manner. The *Australian Financial Review* warned on Saturday that if Gillard "is replaced in future months by Labor's factional chiefs ... Australia will almost challenge Japan's record for leadership churn."

The newspaper's editorial also made clear that the overriding concern of big business and finance capital is not refugee policy, but whether the Gillard government is capable of implementing the austerity spending cuts and economic restructuring measures demanded of it. The escalating global economic crisis and warnings of another financial crash have spurred demands that workers' wages be lowered and conditions undermined, as a means of boosting Australian capitalism's international competitiveness.

In a speech delivered to the Minerals Council of Australia yesterday, former BHP Billiton and National Australia Bank chief Don Argus castigated the government for being "lazy" on pro-business reform. "My concerns about the direction of our country have been brought to a head by the sovereign debt flare ups that we have witnessed recently, particularly in peripheral Europe and the US," he explained.

Argus warned that Australia's low public debt did not mean that the economy was immune to global pressures: "Simple comparisons of Australia's fiscal position to other countries overlook the fact that things can deteriorate quickly, both because of bad luck and bad policy design." After noting that Ireland and Iceland had a similar fiscal position to Australia before the 2007-08 credit crunch, the former executive concluded that this demonstrated "just how quickly things can change ... the world is more uncertain now than it has been for a long, long time."

Argus demanded that the Labor government boost productivity, implement "holistic reform of our taxation system" and enforce "flexible and responsive labour markets." These are all code-words for cutting wages and workplace protections, slashing jobs, and imposing factory and office floor speedups, while at the same time lowering the corporate tax rate and eliminating other imposts on big business.

The Australia Industry Group (AIG) also weighed in yesterday on labour "flexibility". The manufacturing-based business lobby group has been closely aligned with the Labor government since it won office in 2007. Now, however, AIG chief Heather Ridout has demanded that the government's industrial relations legislation be amended to allow individual workplace contracts that

could eliminate overtime and penalty rates and other basic employment protections. The Australian Retailers Association has made similar calls, openly acknowledging that retail businesses want to slash wages.

Sections of the media are also campaigning for changes to the government's Fair Work Act. While it is due for review in January, business leaders are insisting that the legislation be amended far earlier.

Opposition leader Tony Abbott has pledged to heed business demands, in a move aimed at boosting his "free market" credentials. Despite the Labor government's turmoil, Abbott's call for an early election has not received wider backing in ruling circles—primarily because there is little confidence that he is capable of implementing the necessary pro-business agenda. The opposition leader has focussed on populist appeals to concerns over rising costs of living triggered by the carbon tax.

Abbott also responded to the accelerating destruction of sections of manufacturing industry by indicating his willingness to provide subsidies to certain businesses. The *Sydney Daily Telegraph* subsequently reported: "Senior Liberal frontbenchers have privately threatened to withdraw support for Tony Abbott if he continued down a 'protectionist' economic policy agenda... They fear the Liberal Party's economic credibility is on the line if Mr Abbott did not start articulating a strong economic argument, which also meant tackling the 'elephant in the Liberal Party room' of industrial relations and labour market practices."

The continued leadership uncertainty within both the Labor government and conservative opposition points to the deepening crisis wracking the entire political establishment in Australia as it seeks to implement sharp cuts to working class living standards.



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