

Corporate elite presses Australian government to accelerate pro-business restructuring

Patrick O'Connor
25 March 2013

In the wake of last week's failed leadership challenge against Prime Minister Julia Gillard, the Australian corporate and media elite has promoted the call by several of her Labor caucus opponents for a return to the economic "reform" tradition of the Hawke and Keating Labor governments of 1983 to 1996.

Simon Crean, the former Labor Party leader and arts minister who triggered the leadership spill last Thursday, declared that he wanted an end to "class warfare" measures and a return to Hawke-Keating style-governing, which had "set this country up". By "class warfare", Crean means any, even the most limited, inroads into corporate profits and the incomes of the super-wealthy.

Along the same lines, Martin Ferguson, a prominent supporter of Gillard's rival Kevin Rudd, held a press conference to announce his resignation as mining minister on Friday, declaring that "the class war rhetoric that started with the mining [tax] dispute of 2010 must cease." He added that the Labor Party required "a fresh start to reclaim the legacy of the Hawke and Keating governments of being a reforming government."

Rudd, while pledging that he would never again be Labor's leader, added his voice, declaring that the party had to listen to Ferguson's "wise words".

An editorial in Murdoch's *Australian* on Saturday was effusive in its support for the "defenders of the Hawke-Keating tradition". It bemoaned the fact that "with the departure of Messrs Crean and Ferguson, Ms Gillard has lost the benefit of 40 years of parliamentary experience" and declared that the newspaper was "more than happy" to endorse Ferguson's words.

Every aspect of this phony discussion turns reality on its head.

Gillard heads a government committed to class warfare—one that is targeted, not against the super-rich,

but the working class and poor. She became prime minister in June 2010, via a backroom Labor Party coup against Rudd, with the backing of key sections of big business, above all in the resources industry. Gillard tore up the previously proposed "super profits" tax and allowed the mining moguls to personally draft new legislation that, unsurprisingly, has seen the mining conglomerates pay virtually no tax.

Gillard declared that her aim as prime minister was to extend the pro-business reforms of Hawke and Keating to areas not targeted between 1983 and 1996. She specifically declared the need to privatise health, education, childcare, aged care and other vital social services. On top of that, her government has spearheaded a far-reaching economic restructuring drive, utilising the high Australian dollar, to drive up productivity at the expense of jobs and working conditions. She has also turned toward an austerity fiscal agenda, promising business a rapid return to surplus, based on spending cuts targeting the most vulnerable layers of society, such as sole parents.

In all this, Gillard is following squarely in the traditions of the Hawke-Keating governments. Contrary to Crean and Ferguson, Labor in power between 1983 and 1996 did not govern "for the nation" and on behalf of "all of us." In collaboration with the trade unions, it ruthlessly enforced the drive by big business for "international competitiveness" in the new period of globalised production.

Hawke and Keating destroyed sections of industry and hundreds of thousands of jobs, drove down real wages, and, with the unions, attacked any section of workers who opposed their pro-business agenda. As Australian Council of Trade Unions (ACTU) president, Crean developed the closest of ties in business circles and was instrumental in

suppressing any opposition to the government's policies. The ACTU played a significant role in the de-registration of the Builders Labourers Federation (BLF) in 1986 and supported the government's use of the military against striking airline pilots in 1989. Ferguson took over as ACTU president in 1990 and continued the anti-working class agenda.

By the time that Labor was thrown out office in 1996—amid a record anti-Labor vote in working class electorates—social inequality had sharply widened, as the share of national income going to wages plunged and the share directed toward profits skyrocketed.

The demand of Crean and Ferguson that Gillard do more to live up to this legacy is an expression of the escalating economic crisis confronting the ruling elite. Big business and the financial markets are demanding a renewed assault on the social position of the working class. Wages and working conditions are to be driven downward so that Australian corporations can be “competitive” with rivals in America, Europe and Asia. At the same time, the corporate elite is pressing for the elimination of any “entitlement” to essential social services such as welfare, health and education.

Crean and Ferguson's complaint about class warfare reflects business dissatisfaction with some of the pseudo-populist rhetoric of Gillard and her colleagues. While serving as the handmaidens of the mining giants, the government occasionally castigated as “selfish” those mining magnates tied to the opposition Liberal Party, such as Gina Rinehart and Clive Palmer, and called for the “spreading the benefits of the boom”. This was all too much for Ferguson, who made a seamless transition from ACTU president to the most unabashed mouthpiece of the mining companies within the Labor government. His resignation has been lamented by mining executives and other corporate figures.

More fundamentally, what business means by an end to “class warfare” is any attempt to place even the most limited imposts on corporations or the wealthy. Crean complained about rumours that the upcoming budget would withdraw some lucrative tax concessions for high income earners who invest in their superannuation retirement accounts. This echoed criticisms from corporate circles that Gillard and Treasurer Wayne Swan have spent too much time seeking to raise extra revenue by closing tax loopholes and means-testing government benefits for high income earners, and not enough on gutting welfare spending.

The internecine fighting within the government also

reflects tactical differences over the role of the trade unions in helping enforce the next round of economic restructuring. Sections of business and the media regard Gillard as too beholden to the unions. In return for their factional support, Gillard has pledged to enact union proposals for changes to the Fair Work Act industrial regime, including relating to penalty and overtime wage rates. These measures do nothing for the working class, but are seen by business as cutting across its campaign for greater workplace “flexibility”—code for slashing wages and driving up productivity. While sections of business value the unions as enforcers of restructuring, others regard them as an unnecessary overhead cost. Rudd made a definite appeal to these concerns when he pledged to reform the Labor Party's organisation to lessen the factional influence of the unions.

Gillard today announced the government's new cabinet, replacing a string of Rudd supporters who resigned or were sacked last week. In a clear sign that she has heard the criticisms in the corporate media, Gillard chose Gary Gray, a former executive with oil and gas corporation Woodside, to replace Ferguson as resources minister. His appointment was immediately hailed by the mining business lobby. The Australian Mines and Metals Association declared that the minister was known to its members as “a consultative and knowledgeable person who gets things done”.

The author recommends:

Australian government proposes new “Accord” between business and unions
[20 November 2012]

Industrial relations and the trade unions under Labor: from Whitlam to Rudd
[12 November 2007]



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact