

# Australian corporate elite welcomes new government

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Corporate Australia has welcomed the end of the three-year hung parliament and the election victory of the Liberal-National Coalition. Big business and finance capital expect the prime minister-elect, Tony Abbott, to quickly implement sweeping public spending cuts and economic restructuring measures aimed against the working class.

The stock market yesterday closed at its highest in five years, since June 2008. Certain sectional corporate interests have especially benefitted from the Liberal-National election win. The anticipated junking of Labor's very limited mining tax boosted the share value of the mining companies, and the planned abolition of the carbon tax and emissions trading scheme benefitted the electricity and airline sectors. More broadly, the financial markets' reaction to the election reflects ruling elite expectations that, now that the campaign is out of the way, the Abbott government can proceed with implementing an austerity agenda modelled on the cuts implemented in the US and Europe.

The Labor Party was no less committed to this program than the Liberal-National coalition. The election campaign itself was an anti-democratic farce, with both major parties concealing from the population the regressive policies they had both prepared, behind closed doors, in consultation with big business representatives.

The Murdoch media and financial press have this week featured numerous commentaries espousing the virtues of "strong government" and demanding new anti-democratic barriers to minor parties standing for election to the Senate, to ensure there is no obstacle to the passage of pro-business legislation.

Abbott received no "mandate" for austerity. After six years in office, the Labor Party registered its lowest vote in more than a century. But the Liberal-National Coalition made only marginal gains, finishing 1.7 percentage points higher than in the 2010 election. There is unprecedented

hostility toward the major parties and alienation with the entire parliamentary setup. A record number of people cast a ballot for so-called minor parties, and similar records appear to have been set for low voter turnout (despite compulsory voting laws) and informal votes. Nearly 400,000 people are estimated to have returned their ballot either blank or with a message of protest written on it. The proportion of informal votes was especially high in working-class electorates—14.6 percent of all ballots in western Sydney's Fowler were declared invalid.

Murdoch's *Australian* yesterday nevertheless published an editorial reminding Abbott of his previous rhetoric about a "budget emergency" and the need for government to "live within its means." It insisted: "It's time to turn these mantras into 'real action', to use Mr. Abbott's slogan, and show that the country is open for business." Denouncing the "puny ambition" of the cuts promised by the Coalition during the election campaign, the *Australian* urged the new government to make sure its planned commission of audit emulates the austerity measures imposed in Britain.

On Tuesday, the *Australian Financial Review* carried a front-page story headlined "Abbott told to cut soon and deep." The article featured an interview with Bob Officer, an economist who previously chaired budget audit commissions of the former federal Howard government and state Liberal government of Jeff Kennett in Victoria. Officer urged Abbott to ignore public opinion and prepare for resistance within the working class. "You'll get push back, it's inevitable," he declared. "You've got to have a pretty thick hide."

Deteriorating economic conditions are driving the campaign for austerity. While Abbott's installation has been accompanied by triumphant media reports of surging "business confidence," numerous indices point to an emerging recession. The Reserve Bank of Australia last

month cut its growth forecast from 2.5 percent to 2.25 percent this year, far below the 3 percent generally considered necessary to stop unemployment rising. The official jobless rate, updated earlier today, now stands at 5.8 percent, a post-global financial crisis high. Unemployment increased despite more people dropping out of the workforce, with the participation rate declining by another 0.1 percent, to a near seven-year low.

Australia's major trading partners in North America and Europe are mired in recessionary conditions, while the Chinese economy is slowing amid continued fears of a financial crash. This week Glencore Xstrata, one of the world's largest mining companies, announced it was mothballing a planned \$7 billion Wandoan coal mine in central Queensland and placing six other Australian coal prospects "on hold." The move is another sign of the end of the China-driven mining boom that sustained Australian economic growth over the past decade.

Far from representing a return to political stability, as the establishment press has maintained, the Abbott government is set to be one of unprecedented crisis. It will be sworn in next week amid the greatest global economic breakdown since the 1930s and sharpening geopolitical conflicts between the major powers.

The strategic dilemma confronting the Australian ruling elite over how to position itself between the US, its most important diplomatic and military ally, and China, its largest economic partner, was the real source of the leadership tensions within the former Labor government. Washington was directly involved in Rudd's removal from office in 2010, as Gillard came to be seen as a more pliant instrument in aligning Australia with US imperialism's war preparations against China.

The underlying dilemma remains unresolved. Like the Labor government before it, sharp divisions on the issue wrack the Liberal-National coalition.

Abbott will likely encourage a further expansion of US military-intelligence operations on Australian territory. During the election campaign, he addressed a US-Australia Leadership Dialogue event, and declared that "America is really not a foreign country except in a juridical sense; we regard America and Americans as family." The *Australian Financial Review*'s Washington correspondent John Kehoe afterward observed: "He [Abbott] flew more than four hours from Darwin to be there. It was noted by close observers of the Australia-US alliance that Abbott attended only 24 hours before the first nationally televised leadership debate against Rudd, who did not attend."

Outgoing US ambassador to Australia, Jeffrey Bleich, yesterday addressed the National Press Club, hailing the US-Australia alliance, while also endorsing Abbott's plan for a massive increase in military spending. Bleich's public intervention, coming just days after the election, served to underscore the crucial role played by Washington in Australian bourgeois politics.

Malcolm Turnbull—whom Abbott defeated as Liberal leader by just a single vote in December 2009 and makes no secret of his ambition to become prime minister—has a different position than Abbott. Like Rudd, Turnbull is no opponent of the US-Australia alliance but has condemned any move to "contain" China. He was critical of Obama's November 2011 speech in the Australian parliament announcing the US "pivot" directed against Beijing. Turnbull declared that "an Australian government needs to be careful not to allow a doe-eyed fascination with the leader of the free world to distract from the reality that our national interest requires us truly (and not just rhetorically) to maintain both an ally in Washington and a good friend in Beijing."

The incoming government is similarly divided over numerous areas of social and economic policy. There are differences within the Liberal Party, and between the Liberal and National parties, on issues including the scale and speed of government cuts, paid parental leave, foreign investment rules, and pro-business climate change policies. These differences reflect the conflicting sectional corporate interests represented by different wings of the Coalition. They will quickly erupt to the surface as Abbott moves ahead with his class-war agenda.



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