

Australian prime minister-elect announces cabinet

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Announcing the ministry of the new Liberal-National coalition government yesterday, prime minister-elect Tony Abbott repeatedly declared that the cabinet would deliver “strong and stable government” and ensure “enormous stability.” In reality, the incoming government confronts internal divisions fuelled by the deteriorating economic climate and sharpening geostrategic tensions in the Asia-Pacific.

These differences have risen to the surface even before the new government is formally sworn into office tomorrow. For the first time since the 1950s, the rural-based National Party has not received the trade portfolio within a Liberal-National government.

The Liberal Party’s junior coalition partner instead received the posts of infrastructure and regional development (Warren Truss, also deputy prime minister), agriculture (Barnaby Joyce), and indigenous affairs (Nigel Scullion). Liberal MP Andrew Robb was appointed trade minister. The move was aimed at sending a clear signal to the financial markets, domestic and international, that the new government’s pro-business, “free market” agenda would not be hindered by the National Party’s sectional interests. Representing Australian agribusinesses, National MPs have demanded greater restrictions on foreign investment, especially for land purchases.

The *Australian Financial Review* today reported that Robb “wants to boost the profits of foreign investors as a key to striking much delayed free-trade deals with countries such as China, Japan and South Korea and tapping into \$150 billion of potential foreign investment.”

Abbott yesterday declared: “I want people here and abroad to understand that Australia welcomes foreign investment... If we build walls against the world, the world may very well build walls against us and we

don’t want that to happen.”

This comment was not so much directed at “people here and abroad” but to elements within his own government. National Party MPs have already begun campaigning against government approval for a proposed \$3 billion takeover of Australia’s largest agribusiness, Graincorp, by the American transnational giant Archer Daniels Midland. The Murdoch and financial press have already declared that ratification of the deal is an “acid test” for the new government’s pro-investment credentials. The new government faces several similar investment decisions, including the potential purchase of part of Australia’s largest dairy company by China’s sovereign wealth fund.

Abbott’s emphasis on the necessity of attracting foreign investment has been spurred by more signs of a looming recession. According to the *Australian Financial Review*, Abbott and Treasurer Joe Hockey have received post-election briefings from the treasury department that show worsening conditions compared to the Pre-Election Fiscal Outlook (PEFO), including “risks to economic growth and a large post-mining boom gap in capital investment.” The PEFO, issued just four weeks ago, itself revealed a huge drop in government revenue from the May budget, highlighting the rapidity of the economic slowdown.

The new government’s treasury briefings would have also indicated the extent of the additional spending cuts required to deliver the budget surplus that Abbott has promised to big business and finance capital. Like the former Labor government, the Liberal-National coalition is committed to austerity measures designed to make the working class pay for the economic crisis. Abbott has the exact same schedule for eliminating the budget deficit as outlined under the Gillard-Rudd governments, and will maintain the cuts implemented

by Labor, such as slashing university funding and stripping single parents of welfare support.

Far deeper cuts will be demanded by the corporate elite, however, as the economic slowdown hits the budget. The Abbott government has already signalled it is preparing to crackdown on welfare provisions for Aborigines in remote communities, a reactionary attack signalling a wider move against the most vulnerable layers of the working class.

Treasurer Joe Hockey is under pressure to implement the European-style austerity agenda that he foreshadowed in a major speech last year declaring the end to “age of entitlement.” The financial press is insisting that Hockey deliver a revised budget statement, including fresh cuts, before the end of the year, instead of postponing these measures until 2014.

Another sign of Abbott’s determination to make deep cutbacks to government spending was his elevation of Mathias Cormann as the new finance minister. Cormann, a West Australian senator, is active in the Liberal Party’s right wing and is a determined advocate of “free market” economic and social policies.

Cormann’s promotion was one of the few instances in which Abbott did not transfer the Liberals’ previous shadow ministers into the same ministerial posts. Another adjustment was the promotion of Queensland Senator Ian Macfarlane as industry minister. Former shadow industry minister Sophie Mirabella lost the post, as she is likely to lose her seat once the vote count is finished in her Indi electorate.

The change could have implications for the future of the car industry, as Mirabella had been one of the advocates within the Liberal Party for continued subsidies for the auto producers. General Motors Holden—despite working with the trade unions to strip wages and conditions from its workforce in South Australia—has refused to withdraw a threat to shut down operations in 2016 unless there is adequate government assistance.

Other ministries were announced as expected, including Malcolm Turnbull (communications), Greg Hunt (environment), Scott Morrison (immigration and border protection), Eric Abetz (industrial relations), and Christopher Pyne (education).

The opposition Labor Party and the media, most notably including various small “l” liberal commentators, declared that the lack of senior women

within the new government constituted a scandal. The focus on the cabinet’s gender composition has been to the exclusion of any serious analysis of the government’s agenda.

Julie Bishop, the sole woman in the cabinet, is the new foreign minister. Like Abbott, she is an enthusiastic proponent of the US alliance and the Obama administration’s provocative “pivot” that aims to economically and strategically contain China. During the election campaign, Bishop dismissed any concern that the US and China were headed towards a military confrontation and recycled the Labor government’s mantra that Australia “didn’t need to choose” between the rival powers, one Australia’s most important economic partner and the other Australia’s diplomatic and military patron.

These platitudes will quickly run up against the reality of sharpening regional tensions caused by US imperialism’s attempt to use its military might to maintain unchallenged dominance.

Hugh White, a former defence department official and foreign policy commentator, today warned in the *Sydney Morning Herald* that Abbott would quickly confront a major foreign policy test. “It might be a request from the US to base more forces here, to base more Australian units with US forces somewhere like Japan,” White wrote. “It might be a request from China to agree to more military contact, or to reopen Australia’s post-national broadband network system to bidding from Huawei. Or worst of all, it might be an escalating crisis in the East China Sea, with America demanding Australia join the fight and China demanding we stay out. Whichever it is, Abbott would be wise to think carefully about his answer well before the question is posed.”

Even before the Abbott government has been sworn in, what has been revealed is that the domestic and international tensions that tore apart the Rudd-Gillard governments have only intensified, setting the stage for further political upheavals.



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