

# Treasurer's biography fuels rifts in Australian government

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An authorised biography of Australian Treasurer Joe Hockey, in which he makes several blunt criticisms of Prime Minister Tony Abbott, has highlighted divisions within the government, particularly over its failure to push through key austerity measures in its deeply unpopular May budget.

In the self-serving book, *Hockey: Not Your Average Joe*, written by journalist Madonna King, the treasurer essentially blames Abbott for the political crisis over the budget. Hockey declares that the budget was “much softer” than he wanted, and accuses Abbott of seeking to appease voters with a “more cautious” approach. Hockey personally launched the book in Sydney yesterday.

Hockey is speaking on behalf of key sections of the financial and corporate elite. There are increasingly strident demands by business leaders that the Liberal-National government, and the Labor Party opposition, break through the budget impasse, in which spending cuts totalling \$41 billion over four years are currently stalled in the Senate.

The *Australian Financial Review* (AFR) broadcast Hockey's denunciation of Abbott on its front page on Wednesday, alongside an article reporting that “top business leaders” are concerned that the budget standoff will “deter foreign investment” and stunt economic growth. The article cited comments by the chief executives of BHP Billiton, ANZ bank, Telstra and GE Mining, calling on the government to act more decisively to “sell” to the public the need for its budget-slashing agenda.

The newspaper also reported that Reserve Bank of Australia governor Glenn Stevens had “joined the debate by questioning whether Australia's political leaders were capable of solving Australia's problems.” Stevens' comments underscored the mounting

impatience within the corporate establishment with the Abbott government's perceived inability to deliver the social assault contained in the budget.

Today the AFR published an editorial entitled “Hockey must rewrite our politics.” It said that while the publication of the biography may not have been “wise in terms of day-to-day politics,” Hockey was “right in policy substance.” It criticized Abbott for imposing a “hugely generous paid parental scheme” and forcing Hockey to publicly defend a “policy that neither he nor most of the rest of the government supports.”

Hockey's charges against Abbott have brought back to centre stage the crisis over the budget, which has provoked widespread opposition to its key measures, such as imposing upfront fees to see doctors, scrapping welfare entitlements for the young unemployed, reducing aged pension rates, deregulating university fees and slashing health and education spending.

The book's release dented almost a week of intensive promotion of Abbott by the media and political establishment over his provocative anti-Russian stance on the Malaysian Airlines crash in Ukraine. The adulation is designed to boost Abbott's standing as a “strong” leader for domestic purposes, as well as to drum up support for a potential US-led military confrontation with Russia.

Hockey's autobiography publicises rifts in the cabinet expenditure review committee and other details of the government's internal divisions that would normally not be divulged until after it has left office. Among Hockey's accusations are that:

· The treasurer pushed for a much tougher budget, including swifter cuts to pension rates and a wider deficit tax levy, but Abbott, “who chaired each of the expenditure review committee meetings,” opposed this,

“no doubt with one eye firmly on the reaction of voters.”

- Abbott gave media magnate Rupert Murdoch a detailed briefing on Abbott’s \$5.5 paid parental leave scheme—which has been strongly opposed by business leaders—and announced it without consulting corporate chiefs, Hockey or anyone else in the Liberal Party. “This fact was unknown to members in the party room, who condemned Abbott’s solo policy-making on such a fundamental issue.”

- Abbott sacked Treasury head Martin Parkinson a week after last September’s federal election, without telling Hockey, who only heard of the dismissal after the decision was already made.

- Abbott initially opposed Hockey’s decision to bar the takeover of GrainCorp, the country’s largest grain exporter, by the US food processing giant Archer Daniels Midland. “What are you doing?” Abbott asked Hockey.

- Hockey and Abbott had differences over axing subsidies to the auto giants, triggering the closure of the car manufacturing industry, and denying financial support to Qantas, thereby accelerating its job cuts and restructuring.

Hockey is positioning himself to win big business backing as the alternative leader needed to prosecute an offensive to impose the outstanding budget measures, and lay the foundations for a systemic dismantling of welfare benefits and other social programs over the next decade.

Last week, Hockey used a series of interviews to declare that if the Senate blocked the budget’s “savings initiatives,” the government would inflict equivalent spending cuts to other areas that did not require legislation. This threat was apparently issued without consulting Abbott or other ministers, disrupting their efforts to strike deals with minor parties in the Senate to get various measures passed.

This week, while visiting New Zealand, Hockey declared that the budget only sought to make “half” the savings that Paul Keating, the former Labor government treasurer and prime minister, had in a number of his budgets, and that Peter Costello, a former Coalition treasurer, had in his first budget in 1996. Hockey lauded New Zealand’s top tax rate of 33 percent, contrasting it with Australia’s 49 percent—another indicator of the demands of global

finance capital for a fundamental restructuring of the economy in the interests of the wealthiest layers of society.

The biography recalls how Hockey confidently expected to become Liberal Party leader in 2009, only to be double-crossed and out-manoeuvred by Abbott and former leader Malcolm Turnbull. In a party room ballot, Hockey was eliminated in the first round, leaving Abbott to defeat Turnbull by a single vote.

In the book, Hockey’s wife Melissa Babbage, an investment banker, says Hockey attributes his humiliating defeat to a mistaken bid to reconcile differences in the Liberal Party over an emissions trading scheme, rather than take a strong stand for or against carbon trading. “He won’t make that mistake again,” Babbage said, signaling that her husband now understands the need for “dogged conviction.”

While the *Australian Financial Review* headlined Hockey’s revelations, as a means of pushing forward the agenda demanded by the business chiefs, Murdoch’s *Australian* condemned Hockey, fearing that his attack on Abbott will further undermine the government’s capacity to impose the budget measures.

In an editorial yesterday, the *Australian* accused Hockey of performing poorly in pushing the need for “fiscal repair.” It said it supported Hockey in his avowed intention to “end the age of entitlement”—a euphemism for abolishing welfare—but wished “he would assume a higher profile and find a more convincing voice in arguing for the end of the handout culture.”

Whether Hockey’s agitation will lead to an open conflict with Abbott, and possibly a leadership challenge, is not yet clear. But his decision to publicise the tensions wracking the cabinet indicates mounting corporate pressure on the government to find means to overcome the public hostility to the budget and the underlying austerity drive.



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