

Australian government plunged into leadership crisis by Murdoch intervention

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Amid a deepening economic slowdown in Australia, Prime Minister Tony Abbott's Liberal-National Coalition government has been thrown into bitter factional turmoil this week, with public speculation by ministers of a potential leadership challenge. The outcome of the Queensland state election today, in which Liberal National Party Premier Campbell Newman is considered to be in danger of losing his own seat, is being regarded as a litmus test for the federal government.

The crisis was set off by the public intervention of global media baron Rupert Murdoch on Wednesday, following Abbott's announcement on January 26 that he had bestowed an Australia Day knighthood on 93-year-old Prince Phillip, the consort of Britain's Queen Elizabeth II. The knighting was widely ridiculed and criticised and deepened the unpopularity of the government.

Murdoch published a Twitter post declaring that Abbott had to fire his chief of staff, Peta Credlin. "Abbott again," he wrote. "Tough to write, but if he won't replace top aide Peta Credlin she must do her patriotic duty and resign."

Murdoch's tweet precipitated a crisis in the Coalition that has been developing over an extended period, above all due to the government's inability, in the face of popular opposition, to impose austerity measures to the extent being demanded by big business. As parliament opens for the year, the Abbott government is still attempting to get several major components of its last budget passed through the upper house, while it must prepare to hand down its next budget in May.

Murdoch's call for the removal of Abbott's top advisor, but not Abbott himself, was a clear warning to the PM that there could be no let-up in the government's pursuit of austerity. The Murdoch press went into over-drive, with shock-jock Andrew Bolt declaring on Wednesday that the knighthood scandal was "so damaging that it

could be fatal." Right-wing columnist Miranda Devine declared, in reference to Credlin, that Abbott had to make a "sacrificial offering... Something that causes him pain, like chopping off his right arm."

Today's article in the Fairfax-owned *Sydney Morning Herald*, "Vulnerable: Abbott still standing, just," cited several unnamed Liberal MPs on the possibility of a leadership change. A "junior minister" told the paper: "We're all talking to each other seriously about alternatives to Tony. Those conversations have not taken place before." An unnamed member of Abbott's own cabinet said: "We are in a dire position."

The article stated: "The Abbott government is a hollow edifice, still in place and wielding power, yet without internal support and vulnerable to challenge." It claimed that both the Deputy Liberal leader and Foreign Affairs Minister Julie Bishop, and Communications Minister Malcolm Turnbull, who in 2010 was ousted as Liberal leader in a narrowly-contested leadership challenge by Abbott, had been approached by colleagues to challenge for the leadership but had so far refused.

The Murdoch-owned *Daily Telegraph* cited unnamed ministers as claiming that Abbott had a week to shore up support from within his party.

Abbott was compelled to give a press conference on Friday to refute the media speculation, during which he claimed that the government was a "very strong team" because it had "very good captain." In an attempt to shore up support from within the government, Abbott is predicted to dump his multi-billion dollar parental-leave scheme during a speech on Monday to the National Press Club. Big business has denounced the scheme.

With Abbott's leadership directly under threat, today's editorial in the *Australian*, Murdoch's national flagship, sought to rein in the infighting. "Despite the supercharged speculation around Mr Abbott's leadership," the editors wrote, "he remains the first, best hope of the conservative

side.” It noted that potential alternatives to Abbott—specifically naming Bishop and Turnbull—“are not currently plausible.”

The affair has underscored the enormous weight wielded by Murdoch personally and his ability to manufacture political crises to effect right-wing shifts in the political set-up in Australia and other countries. More fundamentally, it reveals the enormous gulf that exists between the political establishment and the vast mass of the Australian population, which has no say over the decisions affecting millions of people made in the interests of the corporate and financial elite.

The *Australian* editorial made clear that the Abbott government’s response must be to push forward with deeply unpopular budget cuts to healthcare, education and other social services. “[W]hile the Coalition’s fiscal strategy remains in tatters—with its first budget largely blocked even as it prepares to frame its second—its commitment to spending restraint and economic reform is the only viable path for Australia.”

The editorial stated that, at present, it would not support a return of a Labor government without the opposition party enunciating clearly and publicly the means by which it would impose the economic downturn on working people. To date, Labor ministers have maintained a two-faced position—quietly signaling to big business their willingness to impose its austerity demands, while posturing as opponents of the Abbott government’s policies.

This makes clear that the real source of the turmoil facing Abbott government is the impasse confronting the entire political system. Underlying the deepening paralysis of both major parties is their fear that implementing policies that will tear up the living standards of the working class will trigger political and social unrest. Their appeals for “sacrifice” ring hollow amidst the ever-rising wealth of a tiny portion of the population.

Driving the crisis is the worsening economic downturn in Australia. Collapsing world commodity prices—including coal and iron ore—driven by global deflationary tendencies, as well as the deepening economic slowdown of China, the largest buyer of Australian mining exports, have hit government revenues. The value of the Australian dollar has fallen from \$US1.10 in July 2011 to \$0.77 yesterday. This is fuelling demands for the deepening of US- and European-style austerity.

At the same time, decades of falling living standards,

declining real wages and rising social inequality has led both major parties to be despised by the population. Right-wing populist parties, such as mining magnate Clive Palmer’s Palmer United Party, and independents have been able to win seats in the federal parliament, further destabilising the political establishment.

The parliamentary crisis has developed over an extended period. Underlying this have been two inter-related processes: the intensifying global economic breakdown since 2008, and the growing worldwide military tensions—expressed in the Obama administration’s preparations for war against China through the “pivot to Asia.”

The defeat of the Howard government in 2007 saw a sitting prime minister lose his seat for the first time since 1929. In June 2010, Kevin Rudd, a first-term Labor prime minister, was removed in an inner-party coup and replaced by Julia Gillard, as part of a turn toward austerity and in order to align the government directly with the Obama administration’s “pivot to Asia.” The backlash against Labor over the coup in the 2010 election saw it cling to office only by forming a minority government in the first hung parliament in 70 years. The political turmoil prompted the BBC to ask in 2013 whether Australia had become the “coup capital” of the world.

The continuing political impasse is fuelling deep frustration within ruling circles. Behind the scenes, discussions over alternative, authoritarian forms of rule are taking place. That is the significance of Abbott’s decision to bestow the Australia Day knighthood on two pillars of the Australian state: the British monarchy, in the person of Prince Phillip, and the armed forces, in the person of former military head Angus Houston.

The author also recommends:

The motives behind Australian PM’s knighting of Prince Phillip

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