

# Australian government in turmoil as economic pressures intensify

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Facing a sharp economic downturn, a government wracked by internal rifts, and the emergence of opposition in the working class to the ongoing assault on jobs and conditions, Australia's corporate elite is increasingly venting its frustration at the seeming incapacity of Prime Minister Tony Abbott to deliver the far deeper onslaught on workers' living standards that it requires.

A headline in today's *Australian Financial Review* referred to cabinet ministers jumping off "Abbott's sinking ship." The newspaper's chief political correspondent Phillip Coorey wrote: "As the government reels from crisis to crisis and the Prime Minister's authority wanes, there is a growing sense of 'every man for himself'."

This week's first session of parliament after a winter recess produced one political disaster after another for the Liberal-National Coalition government. This symbolised its failure, in the eyes of big business, to carry through the necessary agenda of slashing welfare and other social spending, abolishing the minimum wage and after-hours penalty rates and dismantling basic working conditions.

Today's *Financial Review* editorial condemned the government's apparent inability to heed the message that the newspaper sent in Monday's editorial that it must "reset the political focus" to "explain to voters why things need to change before they get sick."

Today's editorial lambasted Abbott for expending "great energy on matters of personal conviction for him and his party's conservative base" while "on matters of substantive change and reform, evasive politics replaces his stubbornness." It contrasted Abbott's performance with "the great reforming governments," like the Labor Party administrations of Bob Hawke and Paul Keating in the 1980s and 1990s, which were "willing to take on even their own supporters" to enforce economic and social restructuring.

While exhorting Abbott and Treasurer Joe Hockey to heed its call, the editorial declared: "Divided within, behind in the polls, stuck with a budget deficit and without a compelling economic narrative, Mr Abbott's political authority is now

being drained away."

Yesterday, an editorial in Murdoch's *Australian* urged the government to change course, and held out the hope that it could still win the next election, due within a year. But it too castigated Abbott and Hockey for not adhering to the newspaper's repeated demands for them to "end the policy paralysis that had engulfed the political class." It added that "China's shock devaluation of the yuan" this week highlighted the urgency for "fiscal consolidation and economic flexibility."

This last point indicates the turmoil and alarm in corporate circles over the implications of the Beijing regime's so-far unsuccessful attempts to counter China's worsening slowdown, including by cutting the value of its currency. In the words of the *Business Spectator*'s Alan Kohler: "This week's unexpected events in Beijing have thrown financial markets into a loop."

Australian capitalism's vulnerability to the Chinese slump has been underscored already by the global fall in export commodity prices over the past 18 months and a precipitous decline in mining investment in Australia.

This intensifying economic pressure was further highlighted today when Treasurer Hockey made another clumsy bid to reassure the markets that the government has an "economic narrative" to sell. He gave "exclusive interviews" to both the *Australian* and *Australian Financial Review*, effectively disputing the repeated warnings issued by the Reserve Bank of Australia (RBA) in recent weeks that the country's long-term growth rate had dramatically slowed.

This places Hockey at loggerheads with the central bank. In a series of speeches, RBA governor Glenn Stevens declared that Australia's "normal" growth rate had fallen to around 2.8 percent. This exposes the government's fraudulent budget prediction that growth will rebound to 3.5 percent, and remain there for five consecutive years, allowing it to eliminate the present \$35 billion budget deficit by 2020.

Hockey claimed that the economy had a "prosperity

momentum,” mainly because he was assured by Beijing’s leading economic officials that they would do “whatever it takes” to keep China’s growth going. While vehemently defending his budget forecasts, he signalled a new drive to cut welfare spending, labelling it “simply unsustainable.”

The RBA’s intervention, however, reflects the escalating demands of the financial and corporate establishment for far more draconian measures to reduce social programs, cut wage levels and overturn basic working conditions, like penalty rates. This week, the Business Council of Australia urged the government to move much faster to tear up workers’ basic rights than recommended by the government’s own Productivity Commission.

Not only has the government, in its quest for electoral survival, put off many such measures until after the next election. It was unable to end this week’s seven-day strike by Hutchison Ports workers against sackings in Sydney and Brisbane, instead having to rely on the trade union bureaucracy, spearheaded by the Maritime Union of Australia, to shut down the strike and sell out the struggle.

The corporate media condemned the government for constantly being derailed by political debacles this week. First came the need to replace Bronwyn Bishop, Abbott’s personal choice as parliamentary speaker, after public outrage over her extravagant use of travel allowances.

Then, Abbott and his most right-wing supporters conducted a lengthy Coalition party room debate to defeat calls, including by a reported 16 ministers, to allow a free vote on a bill to permit same-sex marriage. That conflict erupted publicly when several leading ministers, including leadership rival Malcolm Turnbull, opposed Abbott’s proposal to hold a legally unnecessary constitutional referendum on the issue after the next election—a move designed to kill off any prospect of changing existing marriage laws. By contrast, Social Security Minister Scott Morrison, who is positioning himself as a more right-wing replacement for Abbott, strongly backed the referendum idea.

On top of that, the government’s high-profile royal commission into alleged trade union corruption was thrown into disarray by the revelation that the government’s handpicked royal commissioner, former High Court judge Dyson Heydon, accepted an invitation to address a Liberal Party function.

Increasingly besieged, Abbott is preparing to ramp up his government’s militarist agenda and the “war on terror”. *Australian Financial Review* political editor Laura Tingle yesterday reported that “a meeting of the National Security committee of the cabinet has, however, recently asked for a list of national-security-related things that could be announced weekly between now and the election.”

Tingle reported this inner-cabinet leak from the standpoint of querying another distraction from the corporate elite’s economic agenda. But her revelation is a warning that the government is preparing to embark on an escalation of its involvement in the US-led war in Iraq and Syria, accompanied by a new barrage of “terrorism” scares.

Abbott has let it be known that the government is considering joining Washington by committing Australian warplanes to bombing raids into Syria, in addition to Iraq, which would mean more openly moving to oust the Assad regime. As well as underscoring Canberra’s commitment to US-led wars, “national security” and the “war on terror” will again be used to divert the rising class tensions at home and provide the pretext for further attacks on fundamental democratic rights, including the government’s current bill to allow it to arbitrarily revoke citizenship rights.

This program of war and police-state measures has the unconditional backing of the Labor Party. Labor is also seeking to demonstrate to big business that it can more reliably impose the long demanded deeper attacks on workers. Next Wednesday, Labor leader Bill Shorten will launch a book by shadow treasurer Chris Bowen entitled, *The Money Men: Australia’s 12 Most Notable Treasurers*.

In his volume, Bowen insists that Paul Keating was Australia’s best treasurer, because of the “landmark reforms” he delivered in partnership with Bob Hawke. According to Bowen, these measures produced a more productive and competitive economy that boosted growth, jobs and living standards.

In reality, the Hawke and Keating governments of 1983 to 1996 inflicted the greatest ever redistribution of wealth to the richest layers of society, at the expense of the jobs and conditions of millions of working people. They were able to do so, however, only because the trade unions ruthlessly enforced their offensive, via a series of “accords” between the Australian Council of Trade Unions and the government.

The intense frustration in ruling circles over the failure of the Abbott government to implement the austerity agenda of big business, is compounded by concerns that neither party is able to carry out so-called “reforms” to the extent of Hawke and Keating and to suppress resistance by the working class.



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