

Prime minister barely survives leadership challenge in Australia

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Prime Minister Malcolm Turnbull barely survived a Liberal Party leadership ballot against Home Affairs Minister Peter Dutton this morning, holding on by 48 votes to 35. Dutton immediately resigned as a cabinet minister, and others may follow, forcing Turnbull to reshuffle his ministry and further weakening his position.

The size of the vote for Dutton, a more openly right-wing, anti-immigrant and protectionist figure from the party's "conservative" faction, indicates that the move against Turnbull is far from over. With Dutton now free to attack government policy publicly, media commentators are predicting either another leadership challenge in the weeks or months ahead or Turnbull's resignation as prime minister.

The immediate trigger for the move against Turnbull was a rebellion, within both the Liberal and National parties that make up the Coalition government, against one of his signature policies, the so-called National Energy Guarantee (NEG).

After two earlier abrupt reversals on central features of the NEG, Turnbull yesterday abandoned plans to legislate his policy, admitting that he would be defeated on the floor of parliament by backbench members of his own government.

Under conditions in which the Coalition only holds office by a one-seat majority, such an outcome would have been tantamount to an open split and would have led to strident calls for an election—which must be held in any case no later than May 2019.

Further undermining Turnbull's position, it was also confirmed last night that his other core policy—a multi-billion dollar corporate tax cut for big business to try to match US tax cuts—is headed for certain defeat. He has failed to win support from various right-wing minor parties that control the necessary votes in the Senate, because the cuts are viewed with immense popular hostility. The Coalition's advocacy of the policy

contributed to a significant vote swing against Liberal candidates in recent by-elections in vacant lower house parliamentary seats.

With an election looming, immediate electoral calculations have played a part in the rebellion against Turnbull. Consistent opinion polling has underscored that the Coalition is headed towards a devastating defeat.

The faction that backed Dutton, which includes former prime minister Tony Abbott, want to shift the Coalition even more explicitly into trying to win re-election with a campaign modeled on Trump-style nationalist demagoguery, crass populism and anti-immigrant xenophobia. The NEG was denounced by this layer because Turnbull sought to include a commitment to the international Paris accord limiting carbon emissions.

Confronted by opposition from coal industry-supporting members of the Coalition, led by Abbott, Turnbull dropped plans to legislate a reduction target of 26 percent by 2030. Two days earlier, he infuriated the sections of big business that backed the NEG by seeking to appease public anger over soaring electricity prices.

The reset means Turnbull's energy policy will feature rules to cap default electricity prices for customers and potentially penalise breaches by the country's major energy suppliers—AGL, EnergyAustralia and Origin—which have just announced record profits on the back of sky-rocketing prices. The latest twist would also leave the door open to subsidising new coal-fired electricity plants, cutting across corporate demands for a more certain investment regime that includes the promotion of renewable energy.

Turnbull now appears likely to become the fourth prime minister to be ousted by their own party in just eight years. He is considered a lame duck by a large faction of his government and does not have the confidence of key sections of the corporate establishment.

No elected prime minister has lasted a full

parliamentary term since Labor leader Kevin Rudd was removed in an overnight political coup on June 23-24, 2010.

The constant factor in the ongoing eruption of turmoil in official Australian politics has been political tensions arising from ever more volatile international geo-strategic and economic conflicts since the 2008 global financial crisis. Rudd was ousted with the backing of the American embassy because he was hesitant to fully align with a confrontational US stance towards China—Australia's largest trading partner and export market.

The turn by the United States under the Trump administration to open trade war against China has only raised the dilemma of foreign policy alignment to a new pitch of intensity.

Australia, which is economically dependent on international borrowings and Chinese markets, is one of the most vulnerable countries to the slump in world trade and a potential second financial crisis that Trump's agenda could trigger. Its currency is falling and pressure is growing for both deeper cutbacks to government spending and increases in interest rates

The entire ruling elite is acutely aware, and terrified, that an economic downturn will fuel to breaking point the immense political anger and disaffection over housing costs, falling wages, and the crisis-stricken state of public health and education and other services. Internationally, 2018 has seen a sharp upsurge in strikes and other manifestations of working class struggle against the failure of the capitalist system. Australia is no less on the verge of a social explosion.

Ten days ago, Turnbull gave a speech that pointed to the nervousness wracking his government and the Australian capitalist class over the Trump administration's "America First" drive into trade war and towards war against China. After two years of closely continuing the militarist alignment with the US, Turnbull attempted to re-stress ties with China, speaking of "a very deep relationship, one of great opportunity and potential and it gets deeper and stronger all the time."

Turnbull's remarks would have been noted in Washington and the Australian military-intelligence apparatus, where he has always been viewed with a degree of suspicion because of his past public criticisms of confrontation with China.

Under conditions in which class tensions are growing in Australia, and US-led strategic conflicts are growing with China, the fact that Peter Dutton was selected to try and oust Turnbull is highly significant.

A former police officer, Dutton exudes autocratic tendencies. Turnbull last year elevated him to a new Home Affairs "super-ministry," placing him in charge of many of the powers exercised by the Australian Federal Police, the Australian Border Force and the immigration department.

Over the past year, Dutton has presided over major cuts to the migration intake and accused "African" immigrant "youth gangs" of terrorising the population of Melbourne. He has insisted on maintaining the most severe policy towards asylum seekers attempting to reach Australia and has coldly defended the brutal detention of refugees in concentration camps on remote Pacific islands.

With figures like Dutton playing a key role, the Turnbull government has gone further than any of its predecessors in introducing police-state style measures to combat the anticipated working class opposition to social inequality and Australia's front-line role in any US confrontation against China.

Laws introduced in the name of fighting "terrorism", and the sweeping xenophobic legislation passed in July against purported Chinese and other "foreign interference," have created unprecedented powers to outlaw many forms of political dissent, particularly anti-war opposition.

The Coalition, one of the major two parties of the parliamentary system, is rent by intractable factional conflicts and could disintegrate over the coming months. The choice of Dutton is a further warning that sections of the ruling class are prepared to throw their weight behind stepped-up efforts to cultivate an extreme right-wing movement against the working class, as part of open moves towards authoritarian rule.

At the same time, the Labor Party is offering its services to the financial and corporate elite to retake government and continue the big business and militarist agenda that it imposed when last in office between 2007 and 2013.

While making pseudo-populist appeals to social concerns, Labor is above all preparing for the upcoming election by pledging to the financial markets that it will implement the necessary measures to slash government spending and vowing its commitment to the US-Australia military alliance.



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