

# Anti-free trade agenda begins in Australia

by Don Veitch

The election of an anti-“free trade” candidate to the parliamentary seat formerly held for nine years by former Prime Minister Bob Hawke, could signal the beginning of a new economic debate in Australia. The pro-“free trade” orthodoxy of the past decade is being challenged.

In 1983 Bob Hawke, the former Rhodes Scholar and leader of the trade union movement, led the Australian Labor Party to victory, replacing the Liberal government of ultra-establishment figure Malcolm Fraser. For almost 10 years Bob Hawke and his treasurer, now Prime Minister Paul Keating, imposed a policy of “economic rationalism” on Australia. Under the pretext of “creating a level playing field,” “making Australia internationally competitive,” “restructuring industry,” a regime of International Monetary Fund (IMF) policies emerged: privatization (the selling of infrastructure to private businesses), deregulation (allowing banks to speculate and profiteer behind usurious interest rates), floating the Australian dollar (the Australian currency is one of the most speculated in world trade), and labor market reform (an attack on working conditions and wages). Australia, which once had the highest standards of living in the world and an innovative industrial sector, is now in serious economic decline.

National indebtedness to foreign countries has soared from \$6 billion in 1984 to about \$160 billion in 1992; unemployment is over 11% and rising, the highest since the Great Depression. Youth unemployment is 50%; infrastructure investment has dropped alarmingly, and industry is retreating to cheap labor countries in Asia. The agriculture sector is in crisis, and land degradation is a serious problem. In brief, the economic policies of the last decade have wreaked havoc in Australia. What has been offered by the Liberal opposition is more of the same vicious and destructive policies. Indeed, the leader of the Liberal opposition party, Dr. John Hewson, is a former official of the IMF, and his wife is the Australian representative of an international bank.

In November 1991, Prime Minister Hawke was deposed in a party room coup by his former deputy and treasurer Paul Keating. Keating is a member of the “right wing” of the New South Wales state branch of the Australian Labor Party (ALP). It is claimed to have links to organized crime. After arranging a lucrative “media” contract, Hawke quit his seat in Parliament, thus forcing a by-election in his seat known as Wills. Wills has about 70,000 voters and is a suburban area in the northern part of Melbourne. It is a low-income area

with a high migrant (Greek, Italian, Turkish) population. The area is the center of the clothing, footwear, and textile industry of Australia. Unemployment is over 20%, largely caused by the removal of tariff protection and the importing of cheap labor products from the Asian region.

The “free trade” looting scheme of Hawke and Hewson was particularly dissected in an economic program proposal written and circulated by the Citizen’s Electoral Council in Australia. Although the influence of the document, “Sovereign Australia: An Economic Development Program to Save Our Nation,” has been felt more in the rural areas where it has been circulating for two years, the “Program” has also found its way into Melbourne (with the help of the Melbourne Age, which devoted a page to attacking it in March of 1991).

## ‘Independent’ football hero cleans up

The result of the election, held on April 11, was a staggering blow to both major parties. For only the fifth time in the nation’s 91-year history, an independent was returned to the House of Representatives. For the first time ever, there are now two independent members of Parliament. This will open up debate in a rigid party system Parliament. But, more important, the results have sent shock waves through the nation’s party bureaucracies.

The successful candidate was a 39-year-old local football hero, Phil Cleary. He ran a three-week campaign, spent \$10,000 from his headquarters in a wooden shed at the local football ground, and finished with a 62% two-party preferred vote under the preferential voting system. He finished well in front of both the Liberal and Labor Party candidates. His policy was a clear denunciation of “economic rationalism” and “free trade.” He frequently denounced the “inhuman” policies coming out of Canberra which he referred to as the “porn capital of Australia.”

The by-election, which should have been an easy win for the Liberals given the depressed state of the Australian economy, was seen as a contest between the Liberal “FightBack” package and the Labor “One Nation” package. Both were given a resounding thumbs down by the electors of Wills. Both party leaders Keating (the architect of economic rationalism) and Hewson (the former IMF official) had spent a great deal of time campaigning in the electorate.

The election result is a savage rebuff to both their policies and to them personally. The clear loser is the Liberal Party proposal for a 15% goods and services tax. This tax would have confiscated 15% of income and was seen as a further attack on workers’ living standards. The claim by Keating and Hewson that tariff reductions lead to cheaper goods and new jobs in more efficient industries was seen as a fraud and rejected out of hand. The closure of some 19 factories and the loss of 17,000 jobs in the area in the last three years was testimony enough for the voters. Those forces which have planned the de-industrialization of Australian industry and the destruction of Australia’s economic sovereignty are in danger of losing the initiative. It is doubtful that an open free

trader could win an election in the near future.

Over the past 10 years, "economic rationalists" have emerged as controllers of both political parties. This has led to a bipartisan approach on most political issues. Dr. Hewson is seen as a doctrinaire leader of what is called the "New Right." This is a powerful, cult-like network which slavishly follows the Adam Smith, Friedrich von Hayek, and Milton Friedman line. Their main spokesman in the federal Parliament are Hewson, David and Rod Kemp, Jim Short, Ian McLachlan, and Peter Costello. They are backed up by a number of well-funded think tanks, such as the Institute of Public Affairs and the Sydney Institute. Their main power base is in Victoria, where the party president, Michael Kroger, has purged dissident elements from the party with a control over pre-selection for Parliament procedures and a stifling of debate within branches. The press here is already predicting an inquiry by the party into the failure of the hapless Liberal candidate in Wills.

The victory of the anti-free trade candidate in a former "safe" Labor seat could cause a real revolution in the Australian Labor Party. Members of several ALP-affiliated unions, including the powerful Transport Workers Union and the Australian Railways Union, played influential behind-the-scenes roles in Cleary's campaign. Telecommunications unions also volunteered their services. These unions see privatization moves as a threat. In recent years there has been a push to form a new "left-wing" movement based on an alliance between unions, conservationists, and a small party called the Australian Democrats. A major uniting factor is opposition to "economic rationalism."

Also supporting Cleary were members of what is known as the "pledge unions." These are a group of about 20 smaller unions traditionally hostile to the leadership of the ACTU (the trade union umbrella association). They are especially hostile to what they saw as the opportunistic, treacherous, and pro-Zionist leadership of Bob Hawke. Influential members of the "pledge unions" have been associated with pro-Arab causes (especially Libyan and Iraqi). They were expelled or marginalized from the ALP and the ACTU during the leadership of Bob Hawke. (Hawke was former president of the ACTU as well as having been prime minister). Without the influence of this grouping, the free traders under Hawke and Keating had an unchallenged run and little opposition to their economic rationalist policies. These groups are now reforming in preparation for an assault on the free trade policies of the official Labor Party. They see the election of the independent Phil Cleary as a major bonus for their campaign.

### Fraser capitalizes on Liberal disarray

One further development has been the forceful reemergence of former Prime Minister Malcolm Fraser. Fraser has attacked the Liberal humiliation in Wills, and has claimed the Liberals are promoting an "alien creed." He has claimed that Hewson's goods and services tax is poorly presented. Fraser, who is a multimillionaire cattle farmer, also claimed

that the Liberals now operate for the benefit of "big business and the financial markets." Over the last year, Malcolm Fraser has had a regular column in *The Australian*, a national daily owned by media magnate Rupert Murdoch. In that column he has attacked the more extreme abuses of free trade and deregulation. In recent times, Malcolm Fraser has sat on the steering committee of the Isi Leibler-controlled Asia Pacific Jewish Council. It is an outside bet that the former prime minister is preparing for a political comeback at some future time. His apparent anti-free trade stance will have a wider presentability than Dr. Hewson's fanatical economic rationalism. Since losing the prime ministership in 1983, Fraser had made leadership bids for the United Nations and for the British Commonwealth Secretariat.

Fraser is an ultra-establishment figure in Australia. He comes from a group which is known to Australians as the Western District's "squattocracy," a representative of that group of early settlers in Australia in the 19th century who grabbed large parcels of land and "squatted." This group, represented by Malcolm Fraser, is the closest phenomenon there is to English aristocracy in Australia.

## IMF thugs gain in Russia

On April 15, after several days of brawls inside the People's Deputies meeting between forces favoring and opposing the International Monetary Fund shock therapy package for Russia, a majority of deputies agreed to a resolution which few of them actually understood. It allows the current cabinet—maybe with a few cosmetic changes—to stay in office until December, and to impose the shock program without any significant compensatory measures for the population.

Radio Moscow quoted Yegor Gaidar, the main IMF stooge in the cabinet, saying that he was "satisfied" with the new resolution, and that the policies of "reform" will "accelerate." The threat of Gaidar's gang to resign earlier that week had been used to blackmail the Congress. The dissident deputies, including Speaker Ruslan Khasbulatov, lacked a comprehensive alternative program, and caved in out of fear of "no government."

U.S. Treasury Secretary Nicholas Brady and Undersecretary David Mulford spent the week in Moscow helping "supervise" the political arrangements. Mulford told journalists that the mooted compensatory measures would worsen the high Russian budget deficit. The London *Guardian* reports that the IMF will press the Russian government for "sharp cuts in budget deficits, factory subsidies, and defense spending."