

Australia: Former treasurer Peter Costello quits parliament

By Patrick O'Connor
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Former treasurer and deputy prime minister Peter Costello announced on June 15 that he would not contest his parliamentary seat at the next election, marking a belated concession that he would never achieve his long-held ambition to become prime minister. With Costello's record as Australia's longest serving treasurer between 1996 and 2007 dominated by the China-driven commodities boom, his resignation underscores the transformation that has taken place in the global and Australian economies. New political forces are required to push through the draconian measures now being demanded by the financial and corporate elite.

Costello's departure was welcomed by senior Liberal Party figures, in large part out of relief that opposition leader Malcolm Turnbull would no longer have to carry the constant burden of a potential leadership challenge. Various media commentators have suggested that Turnbull's elation over Costello's announcement may have been a factor in his potentially fatal decision to accuse Prime Minister Kevin Rudd of corruption on the basis of the forged "ute-gate" email.

In parliament, the Labor Party heaped fulsome praise upon Costello. Rudd led the chorus, hailing the former treasurer's role in forming the G20 finance ministers' group and responding to the 1998 Asian financial crisis. "They were correct decisions in the national interest," the prime minister declared. "On behalf of his confreres and great mates in the Australian Labor Party, that we wish him well, we wish his family well, in what has been quite an extraordinary career in Australian public life."

Costello later had what he described as a "very friendly chat" in private with Rudd and responded positively to the prime minister's suggestion that an official position under the Labor government may be on offer. "We actually need to change our political culture a bit so that good people, intelligent people who have extensive national and international experience can be properly deployed," Rudd said. "Do I have anything particularly in mind in terms of Mr Costello? No. Do I rule out appointing him to such a position? Not at all."

The prime minister's unprecedented offer highlights the absence of any principled or substantive policy differences between the major parties. Both Labor and Liberal serve as the direct and open instruments of the corporate and financial elite. In Costello—a determined and conscious right-wing proponent of the most regressive anti-working class measures—Rudd and his colleagues recognise a political fellow traveller.

Born in 1957 in the outer-eastern Melbourne suburb of Blackburn to tee-totalling Baptist parents, Costello studied law and arts at Monash University in the mid-1970s. He was active in student politics, at one point close to Young Labor, and briefly served as an office bearer of the Social Democratic Students Association (SDSA) of Victoria. Fellow Monash student and SDSA member, now Labor MP, Michael Danby, has said he believes that Costello later joined the Liberal Party primarily because it provided the "shortest route to Canberra," given the limited opportunities at the time for those in the Right faction of the Victorian Labor Party.

Danby's assessment has been disputed by another Monash student, Michael Kroger, who went on to become a key Victorian Liberal Party powerbroker and lifelong Costello backer. Speaking of himself and Costello, Kroger told the ABC in 2001: "We fundamentally joined the Liberal Party because we were anti-communists." Costello was elected head of the Monash students' association in 1976 after campaigning against then-influential Maoist forces on the campus, and subsequently enjoyed the support of both Young Labor and the Liberals in his attacks on left-wing influence in the national students' union.

After graduating, Costello entered law and made his name in the Dollar Sweets industrial struggle in 1985. The dispute began after workers at the Melbourne confectionary company were sacked and replaced with scab labour for striking for a 36-hour week. The workers responded by mounting a picket outside the company, resulting in a protracted standoff that was regarded by big business as a critical test case. After the workers sustained a picket for nearly five months, the company brought the dispute before the Victorian Supreme Court; with Costello serving as one of the barristers, Dollar Sweets won an unprecedented common law damages ruling that involved the union paying massive fines as "compensation" for the company's lost earnings attributed to the picket.

The ruling came shortly after the meat industry union had been hit with crippling legal action over a picket at Mudginberri, Northern Territory, marking the first time since 1969 that the courts had been used against the trade unions. Dollar Sweets represented a further criminalisation of the right of workers to take industrial action. Costello later boasted that the court ruling had "ended the long period of practical immunity from the common law which unions had enjoyed"; Dollar Sweets, he added, "rewrote the manual on what are the acceptable limits of industrial action by unions".

During the workers' struggle, Costello wrote an article for the right-wing think tank, the Institute of Public Affairs, to insist that governments "should not be squeamish" about enforcing the law: "The Thatcher government showed no such squeamishness when picketing ran out of control during the recent coal strike". Following the workers' defeat, the young lawyer recognised that such confrontations were not always necessary. "Militant unionism has been defeated [with] a substantial use of state power through the police force: the coalminers and Wapping disputes in the United Kingdom, the SEQEB dispute in Queensland," he wrote, but "state enforcement agencies played no role in assisting the Dollar Sweets Company against picketing."

Costello credited the courts. But the real "enforcement agency" in the dispute was the trade union bureaucracy, working in collaboration with the Labor government of Prime Minister Bob Hawke.

From 1983 to 1996, the Hawke-Keating Labor government and the trade unions orchestrated a sustained offensive against the working class as part of its restructuring of Australian capitalism. What the Thatcher government and the Reagan administration carried through in Britain and the US, the Laborites did in Australia—destroying entire sections of

industry, along with tens of thousands of jobs, and driving down wages and working conditions. Every attempt by the working class to defend itself was betrayed and smashed up by the unions, which functioned as Labor's industrial policemen through their Accords with the government.

In the Dollar Sweets case, the unions isolated the struggle and made no attempt to fight the reactionary court ruling, with the ACTU remaining silent throughout the protracted dispute.

Costello in parliament

In 1986 Costello became one of the four founding members of the far-right H.R. Nicholls Society, a body devoted to "deregulating" the labour market, including slashing or abolishing the minimum wage. Having thereby cemented his standing as a leading figure of the "New Right", Costello was installed in the safe conservative seat of Higgins, covering some of Melbourne's wealthiest suburbs, by right-wing Liberal powerbrokers, who ousted the sitting MP Roger Shiption. Costello was elected to parliament in 1990 at age 32.

Just four years later the young MP was touted for the Liberal Party leadership, following John Hewson's defeat in the 1993 federal election, but he chose not to challenge and instead served as deputy to Alexander Downer. This was to prove a familiar theme in Costello's parliamentary career—demurring at critical moments when the chance of leadership arose.

After Downer's disastrous nine-month stint as Liberal leader, Costello failed to nominate and instead backed John Howard. In July 2006, it was publicly revealed that Costello had done so on the understanding that Howard had agreed to serve one and a half terms as prime minister and then hand him the leadership. While Howard denied any such agreement, the only witness to the discussion, Liberal MP Ian McLachlan, backed Costello's account. Despite the apparent deal, about which Costello later effectively accused Howard of lying, Costello never challenged for the prime ministership, even as Howard refused to step down after four terms in office.

Costello's eleven-year record as treasurer was entirely consistent with his vicious anti-working class record prior to entering parliament. In the Howard government's first budget, he slashed billions of dollars in public spending, with critical health, education, and welfare programs abolished. After the 1998 election, he orchestrated the introduction of the highly regressive goods and services tax (GST). At the same time, each annual budget saw Howard and Costello announce new corporate handouts, lower taxes for businesses and the wealthy, and other pro-business measures.

Costello frequently expressed frustration at Howard's various populist spending measures, which the treasurer regarded as a threat to his efforts to deliver budget surpluses while, at the same time, awarding ever larger tax cuts to business.

On economic policy generally, Costello either fully lined up alongside Howard—for example on the government's vicious attacks on welfare recipients—or positioned himself to the right of the somewhat more cautious prime minister. Costello was among those in cabinet who consistently urged Howard to go further in tearing up the remaining limited legal safeguards for workers' wages and conditions. In 1999, for example, he called for significantly lower minimum wages in regional areas. When the Howard government later introduced WorkChoices, Costello regarded it as merely the first shot in a series of legislative attacks on the social position of the working class.

Many of these positions received little scrutiny from the Australian media, which was largely preoccupied with purported differences between Costello and Howard on various social issues. The treasurer, for example, took a somewhat more liberal position than his superior on questions such as Aboriginal "reconciliation" and the environment. These differences, however, were greatly exaggerated; on not a single occasion did Costello

publicly oppose or campaign against any of Howard's initiatives.

Most media analysis of Costello's record as treasurer corresponded to the establishment consensus on the Howard government—that for all the services it rendered to big business, ultimately the legacy of the Liberal-National government is one of an opportunity lost. As far as the Australian bourgeoisie is concerned, the period from 1996-2007 compares unfavourably to that of 1983-1996, in terms of advancing its far reaching pro-business economic reform agenda. The Howard government has been accused of simply coasting on the immense revenues generated by the China-driven commodity export boom.

The assessment of *Australian* columnist George Megalogenis of Costello's career, titled "Boom, then Peter Costello's gone from politics", stated: "**Peter Costello's political curse was to be treasurer when the economy was mostly on autopilot. Any fair reading of his legacy would say he had peaked in 1997, at age 40...** Costello will be remembered as the treasurer who wasn't really tested on the job and who couldn't bring himself to challenge for a promotion."

A "man of the boom", Costello has stepped aside just as a new social and political period has erupted, with the full impact of the world capitalist breakdown beginning to be felt in Australia.

Amid the crisis, the ruling elite has turned, as it has so often in the country's history, to the Labor Party to carry out the necessary measures to defend its interests. The Rudd government is now engineering a major assault on the working class, with a new restructuring of the economy that will involve the elimination of countless jobs and a permanent reduction in the population's living standards. Just as between 1983 and 1996, the trade unions are working hand-in-hand with the Laborites to stymie and sabotage the resistance that will inevitably emerge among large sections of workers.

In light of his ongoing failure to challenge Howard, or to take the Liberal leadership after the party's defeat in 2007, the lack of confidence within the media and political establishment in Costello as a viable alternative to either Howard or Labor, expresses a deep-going concern over his ability to deal with a period of intensified class conflict.

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