

Australian Labor prime minister-elect unveils new pro-business cabinet

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Just days after the Australian election, the right-wing, pro-business orientation of the new Labor government has been further confirmed in yesterday's announcement of the ministry. Prime Minister elect Kevin Rudd wasted no time in making clear that the watchwords of his leadership will be a "modernised" Labor Party to push through an agenda of cost-cutting, "micro-economic reform" and "business deregulation" aimed at meeting the ongoing demands of the country's corporate elite.

A critical element of Rudd's plans has been his insistence that the parliamentary leader, not the Labor caucus, will appoint ministers. Up until now, in a process largely controlled by factional powerbrokers, the parliamentary caucus has always determined the makeup of the cabinet, leaving the prime minister to assign portfolios. Yesterday, in a break with a century of Labor tradition, Rudd simply presented his decisions to his waiting parliamentary colleagues.

The establishment media, in particular Murdoch's *Australian*, has been pressing for years for the Labor Party to follow the "modernising" model of Britain's former Labor leader Tony Blair and end the factional system, with its ties to the trade unions. The media barons' objection has not been to the unions as such—they will play a critical role in enforcing Labor's policies. Rather Murdoch et al want a Labor Party that will be malleable and responsive to their demands, not beholden to sectional interests.

Yesterday Rudd delivered. He declared that the factions had not been "even faintly relevant" to his decision-making. "Part of modernising the Labor Party is putting all that stuff behind us, and this is a significant step in that modernisation process and it will be continued. I think it's part of modernising the Labor Party," he stated. Today's *Australian* noted that while Rudd may not have consulted the party's factional bosses, the ministry is rather neatly balanced—14 from the Right faction, 14 "Lefts" and two independents. Nevertheless, Rudd has established a new organisational principle, which he plans to enshrine in caucus rules at its next meeting in February.

The purpose was evident in Rudd's comments to the ABC's "7.30 Report" on Tuesday night. Asked if the prime minister now had the power to sack ministers, he quickly replied: "Of course. And that will be on the basis of performance in the future. People will be reviewed on the basis of how they go. Let's just be brutal about this." In the course of the interview, Rudd used the word "brutal" several times, and emphasised his record as chief-of-staff to Labor Premier Wayne Goss in the state of Queensland in the early 1990s. During that period, he became so notorious for his ruthless cost-cutting and handling of "non-performers" that he earned the nickname of "Dr Death".

No one at yesterday's caucus meeting raised the slightest objection

to the overturning of party tradition. To start with, the assembled Labor MPs were jubilant at the prospect of enjoying the power and perks of office after nearly 12 years on the opposition benches. More fundamentally, however, the factional labels of "right" and "left" have become largely meaningless. All of the "lefts" have long ago jettisoned any, even token, socialist rhetoric, and are as committed as the "right" to the "imperatives" of "market reform" and "international competitiveness".

Lindsay Tanner's evolution is a case in point. On entering parliament in 1993, he defiantly declared, in his maiden speech: "I am a socialist". Yesterday, he was confirmed as the new finance minister in charge of Labor's "razor gang". Alongside Treasurer Wayne Swan, who told the media he would like to be nicknamed "Scrooge McSwan", Tanner will oversee public sector cost-cutting.

Rudd has installed such "lefts" in a number of key cabinet positions to sell his regressive program. Significantly, Tanner was one of the first to give a lengthy media interview. Speaking last night on the ABC's "Lateline Business" program, he emphasised that the government was serious about pressing ahead with business deregulation, which had been made part of his portfolio. Having met with "senior people in the financial sector, in the business world," Tanner explained, "the issues that keep coming up time and time again are improving federal-state relations, the regulation of business and issues that are of importance to business, cutting back on wasteful government spending and tackling skills and infrastructure problems... Business wants this... and that's what we've got to deliver." He reiterated that Labor would deliver on its election announcement of \$10 billion in cutbacks to public sector spending in the next budget.

Rudd gave the same message in his "7.30 Report" interview, pledging that Labor intended to go far further than the previous Howard government in implementing market reforms. Stressing the central role Treasury would play in his administration, Rudd explained: "I think Treasury, by instinct—this goes back to the earlier Labor period—is a reforming department. It actually has a whole bunch of people within it who want to advance the cause of micro-economic reform. I think that reform agenda has not had any political impetus for a long, long time during the latter period of the Howard government, and I think there is a lot of enthusiasm there for us embracing a reform agenda. Because if you cease reforming the economy, you start to strangle long-term productivity growth. We don't intend to do that."

Rudd's open embrace of the "reform agenda" of the Hawke and Keating Labor governments is particularly noteworthy. During its reign from 1983 to 1996, Labor implemented a series of far-reaching market reforms, integrating Australian capitalism more closely into

globalised production and financial markets with devastating consequences for the working class. The social gulf between rich and poor widened dramatically as Labor presided over the greatest redistribution of wealth up the income scale in history. In the public sector, essential services were restructured and privatised. In the workplace, long established conditions and rights were systematically destroyed. All of these measures opened the door for Howard, who simply continued where Labor left off.

Another “left”—Deputy Prime Minister elect Julia Gillard—will join Tanner in leading Labor’s “reform” agenda. As well as being Industrial Relations Minister, Gillard has been given the education portfolio, to implement Rudd’s so-called education revolution. Voters could be forgiven for thinking that this would involve a much-needed upgrading of public education at all levels, from preschool to university. In reality, it means something quite different.

Labor’s “education revolution” is pitched at making Australian capitalism more “internationally competitive”. In the short term, it promises to end the chronic shortages of skilled staff that business commentators have been complaining about for years. In the longer term, the Rudd government is intent on boosting productivity, enhancing scientific research and developing the more hi-tech sectors of the economy. In the sphere of education, this “revolution” will mean more incentives for privatised learning and training, not large investments in public education. Working class youth, currently condemned to under-funded public schools, will not be the beneficiaries.

Several editorials and comments in today’s newspapers raise doubts about Gillard’s ability to manage the two large ministries. But their objection misses the point. As a more perceptive comment in the *Australian* observed: “Education revolution may have been the sexy election title, but for Kevin Rudd, Julia Gillard and Wayne Swan, it is really about creating a productivity revolution. This is the thread that binds schools, higher education, childcare and the workplace. It is the thread that Labor hopes will boost capacity in the economy and take long-term pressure off inflation.”

As Rudd explained to the “7.30 Report”, “What is the policy objective? It is to make sure that we have a platform for long-term productivity growth by investing in our people. This has been staring in the face of this [Howard] government as they’ve sat on the riches and the proceeds of the resources boom for at least half a decade or more and they have not deployed their resources accordingly.”

The amalgamation of education and industrial relations is the logical consequence of Labor’s policy. Its old objective of providing an all-rounded education has been replaced with narrow vocational goals, aimed at fulfilling the immediate requirements of business. Those young people who fail to make the grade, will be consigned to the same dead-end, low-wage temporary and part-time jobs, or to permanent unemployment, as they are already.

Gillard intends to bed down Labor’s new industrial relations laws, which are essentially the same as Howard’s—and then focus her full time attention on the “education revolution.”

The other key Labor “left” appointment is also noteworthy: John Faulkner to the position of special minister of state and cabinet secretary. Rudd’s explanation that Faulkner would be responsible for “the integrity of functions within government”, belies the significance of the assignment. Faulkner’s formal ministerial duties will be limited, leaving him free to operate as Rudd’s political fixer and head kicker. In a cabinet that resembles a corporate management team more than anything else, where “performance” is everything, the role of

enforcer will become critical, particularly as the government begins to confront the inevitable political opposition its policies will generate.

In choosing his cabinet, Rudd has emphasised there is no room for deadwood. He summarily dispatched four of his opposition frontbench—Arch Bevis, Jan McLucas, Kate Lundy and Kerry O’Brien—and demoted two senior Labor figures—Bob McMullan and Laurie Ferguson—to the junior status of parliamentary secretaries. The prime minister elect has quickly installed his newest high profile recruits, former trade union leaders Greg Combet and Bill Shorten, as parliamentary secretaries, and former ABC journalist Maxine McKew, who defeated Howard in his Bennelong electorate, will work directly in the prime minister’s office.

The media and corporate establishment have quickly signalled their approval for Rudd’s new ministry. The *Australian* editorial could barely contain its enthusiasm, declaring: “Kevin Rudd has used the personal authority that comes with electoral victory to cement his ambition to lead a reform-minded government with economic credibility at its core... Mr Rudd has boosted hopes that he will emerge as a performer in the mould of former British prime minister Tony Blair and remake the ALP to better suit the modern world.”

The editorial in the *Sydney Morning Herald* was no less effusive. “Kevin Rudd has taken a big step in reshaping Labor—or at least the federal parliamentary party—in his image. The prime minister elect did not just appoint a ministry yesterday; he also dealt a blow to the Labor Party’s factional system. It is a welcome sign that the party is willing to accept change in the interest of internal renewal.”

The *Australian Financial Review* has been somewhat more cautious. An editorial on Monday warned that Labor could not afford to make any concessions to popular sentiment. After pointing to signs of global financial instability and slowing growth, the editorial declared: “Mr Rudd has no mandate to blow the lid off the economy. And it is one thing to rabbit on about housing affordability and petrol and grocery prices in opposition, as Mr Rudd and his shadow ministry have done, but quite another to take effective action in office without making problems worse by subsidising them or wrapping them in red tape.” The financial newspaper insisted that Labor’s promises of micro-economic reform now had to be translated into “effective executive action”, which would require “a willingness to take tough decisions that upset key Labor constituencies.”

Less than a week after winning office, Rudd and his ministers-elect have already signalled to the ruling elite that they are committed to precisely this agenda. With the election over, the new Labor government will rapidly ditch its pretences of concern for working people, setting the stage for major confrontations. Voters will discover, sooner rather than later, that Labor is no “lesser evil”.



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