

Australia: Growing dissatisfaction with Rudd Labor government

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Just six months after Rudd Labor came to office, the new government faces growing dissatisfaction among broad layers of the population over price rises, interest rate hikes and wages.

The *Australian's* Newspoll reported on June 3 that Labor Prime Minister Kevin Rudd's satisfaction level had fallen seven points to 56 percent, "the lowest level in his tenure as Prime Minister". The poll followed what media outlets dubbed "a horror week in federal parliament" in which the government came under fire for offering nothing, apart from a token FuelWatch price-monitoring scheme, to lower petrol prices.

While the poll and the media coverage was largely orchestrated—designed to send a sharp warning to the government—it reflected a definite shift in public sentiment. Rudd's six-month "honeymoon" as Australia's "most popular ever prime minister" had finally come, according to the press, to an abrupt end.

For millions of ordinary people, Rudd's declaration that his government had done "all it can" to curb soaring petrol prices came as a rude shock. Apart from expressing contempt for the plight of financially-stressed working people, Rudd's comment was a blunt statement that Labor was unwilling and unable to in any way challenge the capitalist market system, even as the oil and mining companies were enjoying multi-billion dollar bonanzas at workers' expense.

Just half a year after the defeat of the Howard government, the new PM's declarations were reminiscent of John Howard's refrain that ordinary families had "never had it so good" under conditions of rising interest rates and record levels of household debt.

Rudd went to the polls last year criticising the Liberals for reneging on pledges to keep interest rates low, and held out the prospect of a Labor government taking real action to curb petrol price hikes. Six months on, official interest rates have risen twice more—with further increases threatened—while petrol prices have jumped nearly 20 percent over the past year, food is up by almost 6 percent

and inflation has hit a 16-year high of 4.2 percent.

Under pressure from below, public sector unions at both federal and state levels have been forced to submit pay claims of around 5 percent for a wide range of workers, including firefighters, train drivers, nurses, health workers, teachers and public servants. Some industrial agreements have already expired, while others, including in the federal government's Centrelink, Medicare and Australian Tax Office, are about to end. The National Tertiary Education Union, which covers academics and other university employees, has submitted a claim for 9 percent annual rises over three years.

Over the past month, however, the Rudd government and its state Labor counterparts have handed down budgets that seek to impose real wage cuts throughout the public service. The May 13 federal budget allowed for pay increases averaging just 2.3 percent—at least two percentage points below the inflation rate. Last week's New South Wales budget produced a \$268 million surplus by setting a pay rise limit of 2.5 percent for all public sector employees—while handing employers payroll tax cuts worth \$1.9 billion over four years.

Union leaders, who have been desperately working to prevent confrontations with both state and federal Labor governments, warned last week that their pay limits were inflammatory. Unions NSW secretary John Robertson said the state Labor government was treating workers with "absolute contempt" by expecting them to take pay cuts. Community and Public Sector Union national secretary Stephen Jones said the federal and state government wage targets were "unsustainable".

Likewise, the Australian Council of Trade Unions (ACTU) has been attempting to prevent any challenge to Rudd's demand for "wage restraint". The peak union body intervened to stop strike action by Qantas engineers against the airline's insistence on a 3 percent pay limit, and the unions have scurried back into negotiations with Qantas. They were forced, however, to allow overtime bans to commence last week, causing several flight disruptions. In

Victoria, the Australian Education Union is confronting resistance in imposing a sell-out agreement on teachers who have taken industrial action to demand substantial wage rises, smaller classes and limits on the employment of contract teachers.

Discontent is building on other fronts as well. The federal budget handed down in May triggered protests from pensioners over the fact that it left them living in poverty, with the single pension rate remaining at just \$273 a week. Public servants were angered by the planned elimination of 4,100 jobs from key welfare and service agencies, including 445 from the human services department, 200 from Centrelink, 171 from Medicare, 269 from the families, housing, community services and indigenous affairs department, and 179 from health.

The unions in NSW last month cancelled protest rallies against the state government's privatisation of the state's electricity industry in order to avert an open conflict with both Iemma and Rudd. The sell-off of power stations and retail electricity companies is an integral part of the Rudd government's pro-market "reform" agenda.

The June 3 Newspoll was accompanied by an editorial in the *Australian*, Rupert Murdoch's national flagship, which declared that Rudd had made a mistake in seeking to appease anger over petrol prices. Instead, the prime minister had to focus on the "big-picture" items—further pro-market "reform"—that he promised to big business in the lead-up to last year's election:

"As Labor's biggest electoral asset, Kevin Rudd is on notice that he must do more to distance himself from the cut and thrust of day-to-day political concerns such as the rising cost of petrol. The failure to do so detracts energy from the big-picture reforms he is trying to promote. By engaging in fights he cannot win, the Prime Minister is reduced in the eyes of voters to just another politician who can't keep his promises."

The editorial voiced concern that Rudd was "wasting the opportunity" to push ahead with unpopular economic measures in his first year in office, with no election due until 2010. "Mr Rudd may argue that his vision is much bigger than petrol prices and grocery bills. He has talked a lot about reforming the federation and improving the nation's productivity and infrastructure. The *Australian* supports Mr Rudd's ambitions, many of which have come out of this newspaper's annual conferences, co-sponsored with the Melbourne Institute."

Rudd was a keynote speaker at the most recent such *Australian*-sponsored gathering, titled "New Agenda for Prosperity", held in Melbourne in late March, where members of the corporate elite, senior Labor and Liberal politicians, and various right-wing think-tank representatives

all agreed on the need to suppress wages, slash social spending and extend free-market relations to social infrastructure, health and education.

The editorial concluded that Rudd should take some advice from the last Labor government—Paul Keating's—which implemented a swathe of pro-market measures. "Mr Rudd must heed the words of Paul Keating's former senior adviser Don Russell and decide whether he is a 'pleaser or a doer'."

Other articles in the *Australian* weighed in with the same message, including the regular column by the "liberal" Philip Adams, one of Rudd's most unabashed promoters. Adams complained that Rudd was doing "far too much pleasing and appeasing". Pointing out that the opposition Liberal-National Coalition was "in ruins" after the Howard years, Adams insisted: "Kev's got more political capital than ANZ (Bank) has cash. So he should be making decisions on national needs rather than the wild fluctuations of the polls... The next election is years off, not next week."

Rudd came to office with the backing of key sections of business, which had become increasingly critical of the Howard government's failure to carry through further restructuring, following the extensive de-regulation and privatisation programs pursued by the Hawke and Keating Labor governments from 1983 to 1996. In particular, Rudd pledged to use "cooperative federalism" with his state counterparts to dismantle state-based regulations and schemes that major corporations regarded as barriers to their operations.

Like the Hawke-Keating governments before it, the Rudd government's policies are based on delivering an historic transfer of income from the working class to corporate boardrooms, in the name of making Australian business "internationally competitive". Hidden in the May 13 budget documents were Treasury projections that, under Rudd Labor, the "wage share" of the economy would fall to the lowest level ever recorded.

By the end of this financial year, according to budget forecasts, the wage share will fall to just 46.9 percent of GDP, lower than any previous record, and by June 2009 to 43.1 percent. Economics professor Don Harding pointed out that the forecasts implied that \$11 billion of national income would be transferred away from "working families" this financial year—followed by another \$58.5 billion in 2008-09—"and largely end up in an even bigger profits share".



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