

Australia: Rudd reshuffles cabinet in response to economic crisis

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Prime Minister Kevin Rudd announced a significant reorganisation of the Labor cabinet on June 6. Defence minister Joel Fitzgibbon's resignation, following a protracted campaign by elements within the military hierarchy and intelligence services that regarded him as too close to Chinese interests, provided Rudd with the opportunity to oversee the first ministerial reshuffle since his government came to power in 2007.

The various appointments involve the responsibilities of 18 ministers. The most prominent new personnel, from both the left and right factions, are ruthless and tested defenders of big business from the Labor and trade union bureaucracies. Their elevation forms part of the government's preparations for an intensified assault on the living conditions of the working class in response to the worsening economic crisis.

The two leading figures from Labor's left faction are John Faulkner and Greg Combet. Faulkner, the first "left" since World War II to serve as defence minister, is regarded as a safe pair of hands who can use his close ties to the military and intelligence apparatuses to patch up relations between Defence and the government. Among other services rendered since entering parliament in 1989, Faulkner, as Labor leader in the Senate, helped shut down a 2002 Senate inquiry into the circumstances surrounding the deaths of 353 refugees aboard the SIEV X vessel. Initially, Faulkner had raised certain questions regarding the role of the Howard government, armed forces, and federal police, but only to better assist an eventual whitewash. Labor senators voted with the government to close the official investigation just after it was revealed that Australian Federal Police agents in Indonesia had deliberately sabotaged refugee boats.

Upon his appointment, Faulkner pledged to call upon the services of other Labor figures with long-standing connections to the defence establishment, saying he had

already spoken several times with former Labor leader and defence minister Kim Beazley. In an indication of the growing role played by the military in Australian politics, Rudd declared that he expected Faulkner to be "a strong voice in cabinet for our men and women in uniform".

Combet, the former Australian Council of Trade Unions (ACTU) secretary, is now minister for defence personnel, material and science and assistant minister for climate change. Elected at the last federal election in 2007, Combet rose to public prominence in 1998 when he played a key role in betraying the struggle waged by dockworkers against a coordinated attack waged by the Howard government and Patrick Stevedoring. Then assistant ACTU secretary, Combet devoted all his efforts to ensuring that no other section of workers took industrial action and then stitched up a deal that preserved the union bureaucracy's privileged position in the industry, at the expense of the jobs of nearly half the permanent waterfront workforce and many previously hard-won working conditions.

After becoming ACTU secretary, Combet ensured that the movement that had erupted against former Prime Minister John Howard's WorkChoices industrial legislation was prevented from developing into an independent political and industrial struggle against the government. Combet and the unions diverted it instead behind the Labor Party's 2007 election campaign.

Rudd is now preparing a new offensive against the social position of the working class—involving the destruction of entire sections of industry, the elimination of countless jobs, and the driving down of wages—as part of a restructuring of the entire economy. Acutely sensitive to the danger of conflict with large sections of workers, the prime minister intends to utilise Combet's experience.

Just over a year after entering parliament, the former ACTU chief has already proved his willingness to do

whatever is required—most recently in endorsing Rudd’s attacks on building workers. Combet, along with fellow ex-union bureaucrats turned Labor MPs, including Martin Ferguson and Bill Shorten, has publicly backed Rudd and deputy prime minister Julia Gillard’s retention of the coercive powers of the former Howard government’s anti-democratic “industrial watchdog”, the Australian Building and Construction Commission.

Rudd’s reshuffle also saw the rapid promotion of a number of important figures from the Labor right. Among these was Mark Arbib, elected at the last election and now employment participation minister and minister assisting the prime minister on government service delivery. Arbib, the former head of the New South Wales party machine, is the latest in a long line of political “headkickers” produced by the most powerful faction within the Labor Party. Arbib’s role in collecting substantial funds for the NSW party from property developers, hotel owners and other sections of business was reviewed in a “Four Corners” program last year. His pro-business orientation was highlighted when, after being elected as a senator in 2007, Arbib spent the five months between the election and the new Senate session working for financial and stockbroking firm Bell Potter Securities, reportedly for a five-figure salary.

Arbib declared that his promotion as employment participation minister was an indication that for the Rudd government, “jobs and keeping people employed is what it is all about”.

The mantra of “jobs” repeated endlessly by Rudd and his ministers indicates their concern over the potential political impact of rapidly rising unemployment. The Labor government has launched a series of public relations initiatives aimed at creating the impression that it is boosting employment through Public Private Partnership infrastructure projects. In reality, these projects are designed to prop up sections of business. Moreover, the government is now preparing to pay for its multi-billion dollar fiscal stimulus measures by slashing public services and the living standards of the working class.

Other “up and coming” right-wing figures were promoted to key business, finance, and treasury portfolios.

An *Australian Financial Review* (AFR) article on June 9, entitled “Treasury is the real winner in Rudd’s reshuffle”, pointed to the significance of assistant treasurer Chris Bowen taking the newly created post of minister for financial services, superannuation, and corporate law, and

MPs Nick Sherry and Craig Emerson being given additional treasury-related positions. The AFR explained: “The Treasury portfolio has gained unprecedented power and representation in Kevin Rudd’s ministerial reshuffle, with superannuation and corporate law receiving cabinet status and a third minister given responsibility for implementing reforms from the Henry tax review.”

The thrust of these “reforms” has been indicated by the Business Council of Australia’s (BCA) submission to the Henry review into taxation. The BCA demanded that corporate tax be halved, from 30 to 15 percent, and the regressive goods and services tax (GST) increased accordingly.

Bowen’s elevation underscores the Labor government’s role as representative of the financial elite. The *Australian* noted: “Kevin Rudd’s ministerial reshuffle has received good reviews from industry, with the financial services sector delighted to at last have cabinet representation following Chris Bowen’s promotion... The Investment and Financial Services Association’s Richard Gilbert was quick to praise Bowen’s reforms, such as reducing the withholding tax levied on offshore investment into Australia and offsetting Australian Tax Office moves to tax investment income as revenue, not capital.”

When announcing the cabinet changes, Rudd was asked what role party factional considerations had played. “Zip, zero and none,” he replied, again boasting of his 2007 decision to abolish the long established norm of the Labor parliamentary caucus voting on cabinet appointments. “These decisions are now made by me exclusively and not subject to any deliberation on the part of the caucus,” he declared. “These decisions are mine, they are final.”

Rudd’s statement underscores the transformation of the Labor Party. No longer a political party in any real sense of the term, it has become, along with both the so-called “left” and “right” factions, nothing but a bureaucratic apparatus, which serves to implement the requirements of the corporate elite.



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