# Australia: The second anniversary of the Rudd Labor government: appearance and reality

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Two years ago today, the Australian Labor Party took office after the Howard government suffered an ignominious collapse, and the sitting prime minister lost his seat for the first time since 1929. Within the confines of the Australian two-party system, the vote represented a decisive popular rejection of the Liberal-National coalition. During the past 24 months however, Prime Minister Kevin Rudd has maintained and intensified the previous government's right-wing and pro-business agenda, characterised by militarism abroad and attacks on the social conditions and democratic rights of the working class at home.

During the 2007 federal election campaign, the neologism "me-tooism" was increasingly utilised to characterise Rudd's approach to Howard's policies. Nevertheless, Labor made a definite appeal to broad-based anger and hostility over issues such as Howard's WorkChoices industrial laws, the treatment of refugees, and the Iraq war. Two years later, what has been the result? Australian forces remain embroiled in Washington's criminal operations in the Middle East and Central Asia; backed by the trade unions, Labor's new industrial tribunal, Fair Work Australia, has been granted sweeping powers to curtail the right of workers to engage in industrial activity in defence of their rights and conditions; and the stand taken by the Sri Lankan asylum seekers aboard the Oceanic Viking has exposed the Rudd government's refugee policies as every bit as repressive and reactionary as those of its predecessor.

Examples of such continuity could be multiplied many times over. The Labor government's record stands as a damning indictment of all those political pundits and organisations, from Rudd's backers throughout the media, to the Greens and the misnamed middle class outfit, Socialist Alliance, that worked in the 2007 campaign for a Labor victory on the grounds that Rudd represented a "lesser evil", if not a progressive alternative, to Howard.

Despite the seamless transition, Rudd has spared no effort in manufacturing the appearance of a more "humane", less "market-driven" regime. His support among the financial and business elite in the 2007 election campaign was due, in no small measure, to precisely the calculation that a "fresh face" was needed to continue where Howard had left off.

Thus, the Rudd government has been preoccupied with offering grand, symbolic and rhetorical gestures, backed by no substantive policies or funding. In his government's first week in office, the new prime minister instructed his cabinet to spend a night at homeless shelters to demonstrate his commitment to resolving the housing crisis. In the two years since, nothing has been done. Recently, social workers and others in the emergency accommodation sector denounced the Labor government for failing the more than 100,000 homeless people in Australia.

Likewise, Rudd's much vaunted official apologies, first to the Aboriginal Stolen Generations and more recently to the "forgotten generation"—the half million children traumatised for life after being placed in abusive state care between 1920 and 1970. While apologising to Aborigines for past crimes, the government was perpetrating new ones—extending, for example, the Howard government's draconian, anti-welfare police/army "intervention" into the Northern Territory. As for the forgotten generation, Rudd's concerns for the victims' welfare have not extended to paying compensation. Moreover, Labor is presiding over a social crisis under which record numbers of children are being placed in unregulated and unsupervised foster care.

Many of Rudd's gestures have served to shore up Labor's base of support among a narrow and privileged layer of the "small l" liberal middle class. Receiving no active or enthusiastic support from its traditional working class social base, this is Labor's only committed constituency, beyond the confines of the corporate boardrooms and media editorial offices.

The chasm separating rhetoric from reality has lent a somewhat unreal character to official Australian politics.

Nowhere is this divide more glaring than in relation to the global economic crisis. Every effort is being made to politically chloroform the working class about the implications of the unfolding breakdown of the international capitalist system. With Australia among the few advanced economies to so far avoid recording two consecutive quarters of negative GDP growth, ordinary people are being told that recession has been avoided and the crisis averted.

Belying the official "success story", however, the government's response to the international economic turmoil remains nervous. In the period following the collapse of Lehman Brothers in the US in September 2008, it bordered on panic. The Australian banking system

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was plunged into insolvency—exposing the assiduously promoted claims that the "Big Four" Australian banks were far more secure than their overseas rivals because of their relatively minimal exposure to US toxic assets. Rudd only prevented a descent into outright bankruptcy by pledging unlimited public money as effective collateral for the major banks' assets and debts.

Rudd's stimulus package avoided a major contraction in business activity, but only because it was one of the largest in the world, expressed as a proportion of gross domestic product. Moreover, it was largely funded by the huge fiscal surpluses accumulated through the mining commodities boom over the past decade and a half, and then supplemented by the Chinese regime's massive financial stimulus.

Rudd's measures have won him plaudits from big business, the financial markets, and international institutions such as the International Monetary Fund, while the opposition Liberal Party has been left without the backing of what it regards as its natural constituency—corporate Australia. Bitter factional infighting, driven by opposing sectional and regional interests, reflects the uncertainty plaguing the conservative coalition parties over how to demarcate themselves from the Labor government.

For the working class, Labor's response to the economic crisis has resulted in a growing economic and social disaster. A "two track economy" has emerged, where the major corporations and financial sector continue to reap enormous profits while ordinary working people, and smaller, less competitive sections of business, experience ever greater hardship. More than 200,000 jobs have been destroyed since the global financial crisis erupted, and total number of hours worked slashed by about 3 percent, equivalent to the loss of another 300,000 full-time jobs. These cuts to hours and wages, particularly in the manufacturing and construction sectors, are the product of ongoing collaboration between the Rudd government and trade unions with big business. Workers at the Holden car plant in Elizabeth, South Australia have been forced, for example, onto one-week on, one-week off shifts, with massive cuts in pay.

Behind the government-media "spin", policy makers are acutely conscious that the performance of the Australian economy rests on a combination of highly tenuous and volatile circumstances. None of the underlying contradictions and imbalances of the world economy have been resolved by the ad hoc and uncoordinated responses of the different national governments and central banks. Meanwhile the Australian economy has become ever more dependent on economic growth in China. The upshot is that the very factors that have afforded it a degree of protection so far, will be responsible, in the next stage of the crisis, for transmitting immense shocks. When global economic activity again sharply contracts, the Chinese economy will inevitably decline, plunging the Australian economy into deep recession.

The prime minister has already warned the population to expect "pain on the road to recovery". Having plunged the budget into deficit through its bailout and stimulus measures, the government is drawing up a series of austerity measures. According to Access Economics' estimates, annual public spending cuts of $A16 billion ($US14.7 billion) are required to meet Labor's targets for a return to budget surplus. This is equivalent to abolishing all federal health or education payments to the states, or abolishing all family benefits, or raising the pension age to 100, or abolishing Medicare funding.

Labor's agenda is being driven by the most conscious sections of the bourgeoisie and corporate Australia, which are determined to gut "big ticket" expenditure on public infrastructure and welfare, while slashing taxes for big business and the wealthy. The result will be the further entrenching of a two-tier "user pays" system in healthcare, education and other social facilities, with only the most minimal and poorly resourced available to those who cannot pay. At the same time, Labor is committed to further slashing wages and working conditions in order to make Australian workers competitive with their counterparts in other parts of the world.

Unlike its Labor predecessors, the Whitlam government (1972-75) and the Hawke-Keating governments (1983-1996), the Rudd government has yet to face an upsurge in the working class. Nevertheless its response to the few but important struggles that have already emerged point to what is in store. Striking construction workers at Melbourne's West Gate Bridge have been threatened with imprisonment and massive fines, while being slandered by Deputy Prime Minister Julia Gillard and abandoned by their unions. Similarly, Western Sydney bus drivers have been slammed for taking "wildcat" action in defiance of their union, while the government's new Fair Work Australia tribunal has leapt into action to suppress strikes and work bans.

The Rudd government marked its second anniversary by announcing it had made a deal with the opposition Liberal party over an Emissions Trading Scheme (ETS)—a system that does nothing to decrease carbon emissions—by acceding to demands for billions of dollars in government handouts to major coal mining and electricity generating corporations.

Nothing could more clearly sum up the real orientation of the Rudd Labor government, and the class interests it serves.

*The author recommends:*

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*[31 July 2009]*

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