

Australia: Polling shows collapse in voter support for Labor government

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16 June 2010

The Australian Labor government of Prime Minister Kevin Rudd has suffered a rapid collapse in its popular support over the past two months. Based on current opinion polling, so great is the anti-government swing, Labor could lose the next election, due sometime between July 2010 and April 2011, and become the first one-term government since the 1930s.

In a Newspoll released on June 1, Labor's primary support had collapsed to 35 percent, compared with 43 percent as recently as April. Backing for Rudd—once lauded “Mr 70 percent”—had fallen even more precipitously. Satisfaction with his performance declined from 50 percent in April to just 36 percent by the end of May.

A Neilson poll released just days later showed an ever greater slump. Labor's primary vote registered at just 33 percent, its lowest rating since September 2001, just weeks before former conservative Liberal prime minister John Howard scored his third election victory in under six years. Support for the Liberal-National Party coalition opposition led by Tony Abbott increased slightly to 43 percent, while polling for the Greens rose from 10 percent to 15 percent. “Other” parties registered 9 percent support.

The “two-party preferred” measure, a prediction of how voter preferences would flow in an election, put the Coalition at 53 percent of the vote and Labor at 47 percent. If this remained unchanged, the Rudd government would lose 29 seats and be swept out of office when the election is held sometime later this year.

Rudd's popularity initially began to slide when he dumped his proposed Emissions Trading Scheme (ETS)—widely, but falsely, touted as Labor's commitment to carbon reduction—just prior to the government's May budget, in order to remove it as an item of expenditure and thus turn the budget deficit into surplus by 2013.

Rudd had rhetorically declared that climate change was the “greatest moral issue of our time” and promoted the ETS as his government's response. Its real purpose was to position Australian finance houses as major players in a new Asia-Pacific carbon trading market. Once it became clear that Rudd's plan was doomed by the collapse of the Copenhagen climate summit last December, Labor moved to dump it, creating widespread anger.

Support for the government started plunging precipitously, however, when it announced, as part of the May budget, the introduction of a new tax on mining industry profits from 2012. In its current structure, the Resource Super Profits Tax (RSPT) will take 40 percent of all profits made by mining projects in excess of a “normal” six percent profit, which will continue to be taxed at the standard company tax rate.

The RSPT was proposed last December as part of a broader restructuring of the tax system by Treasury secretary Ken Henry.

Rudd's government ignored the bulk of the review but seized on the mining tax as a means of generating \$9 billion in additional revenue. It announced that it would use the surcharge on mining profits to finance a reduction in the overall company tax rate from 30 percent to 28 percent after 2012, and to provide billions of dollars to build the transport infrastructure required in remote areas to create efficiencies and attract investment for the mining industry's continued expansion.

The RSPT, crafted entirely in the interests of the financial and corporate elite, has nevertheless provoked furious opposition from the transnational energy giants that dominate Australia's resource sector.

Executives of Rio Tinto and BHP-Billiton have declared the tax will make Australia a “sovereign risk” in the eyes of international lenders and will prevent them from attracting funding for multi-billion investments. Coal giant Xstrata has threatened to sack up to 3,000 miners and close down existing mines. Mining companies such as Fortescue and Hancock Prospecting have claimed the RSPT threatens future projects and undermines their share values.

The mining industry, which will collectively rake in some \$60 billion in profits this year, is running a multi-million dollar advertising blitz aimed at appealing to growing fears among broad sections of the population about the global economic situation. A television ad being broadcast across the country claims that resource exports “saw Australia through the GFC [global financial crisis]” and threatens that lost investment will cost jobs and lead to falls in superannuation funds. It concludes: “So who will be hurt by this super tax? Everyone.”

The ads are being financed and supported by some of Australia's richest individuals, who have organized and participated in public demonstrations portraying themselves, absurdly, as representatives of the common man. Among them are Gina Rinehart of Hancock Prospecting, with a personal wealth of \$4.75 billion; Andrew Forrest of Fortescue Metals, \$4.2 billion; and iron-ore magnate Clive Palmer, \$3 billion. The top 25 mining industry owners have increased their personal wealth by \$9 billion in the last 12 months alone.

The Rudd Labor government has been completely unable to combat the populist claims of the mining industry because it cannot point to a single aspect of the tax that will benefit the mass of ordinary people, despite its rhetoric about the “Australian people” “owning” the country's resources and thus entitled to reap the rewards of their sale. In reality, the tax amounts to nothing other than a redistribution of wealth within the capitalist elite. The benefits will flow directly to business, in the form of lower taxes, and to the mining companies themselves, in the form of state-financed infrastructure.

Earlier this year, when opposition leader Abbott briefly proposed a small tax increase on big business to fund a more generous paid

maternity leave scheme, Rudd and his senior ministers made clear their attitude towards any such impost, denouncing it as an unacceptable burden on corporate profits.

Labor's attempt to shore up its dwindling support has consisted primarily of calls on other sections of business to speak out in support of lower company tax, while appealing to mining executives for negotiations over the structure of the RPST. But so far, the mining industry has refused to budge. While corporate greed is certainly a factor in the anti-tax campaign, the escalating global financial crisis, along with growing economic volatility and uncertainty, is playing a major role.

Fears are mounting within mining and other corporate circles that the debt crisis of the European Union economies and the United States could trigger another freeze-up in global lending markets and a "double-dip" recession. Any downturn in China and other Asian manufacturing hubs that buy most of Australia's resource exports would ravage the mining sector's revenue, along with the willingness of global investors to finance new projects.

Abbott, whose personal approval ratings are even lower than Rudd's, has aligned the coalition with the mining conglomerates and is participating in their campaign. At an anti-tax rally on Saturday in the Queensland town of Cloncurry, he told an audience: "If you want to beat the tax you've got to change the government, and if you want to change the government you've got to vote for the LNP [Liberal-National coalition]. If you don't vote for the LNP you'll be stuck with the tax and you'll be stuck with the Rudd government."

The corporate and opposition campaign for the abandonment of the RSPT is having a major impact. In the resource-rich states and regions, where mining is the major industry, Labor's standing has plumbed historic lows. A Westpoll this month put Labor's primary support in Western Australia at just 26 percent and predicted it would not win a single seat in the state. Polling in Queensland electorates suggests that Labor could lose as many as 10 seats to the opposition.

The campaign has been cleverly crafted to resonate with wide layers of workers, who fear the collapse of their superannuation savings if mining exports plunge. Since 1992, when the Keating Labor government introduced it, all workers have been compulsorily tied into the country's superannuation (pension) scheme, whereby employers pay weekly contributions of 9 percent of their employees' wages directly into superannuation funds, many of which are linked with the major banks. Most of the funds invest heavily in mining stocks that make up a large proportion of the Australian share market.

The purpose of the superannuation scheme is to force workers to save for their own retirement, freeing the government from financing old age pensions. For many workers, the sole source of funding for their retirement is therefore their "super" account. Most funds have only just recouped the losses they suffered in 2008-2009, and the renewed falls on the stock market this year threaten to once again erode their value. The mining companies' scare campaign has created the impression that the recent decline in resource stocks is solely due to the RSPT, not to the uncertainty produced by Europe's debt crisis.

The furore over the mining tax is intersecting with general disaffection with the Rudd government. On every front—the US-led wars in Afghanistan and Iraq, industrial relations, education, health, Aboriginal rights, asylum seekers—Labor has demonstrated its right wing, pro-business character. Large numbers of people, who believed the false claims of the unions and the various pseudo-left outfits during the 2007 election that Labor would be a "lesser evil" than the Howard government, have become deeply alienated from both major

parties.

The prospect of election defeat is fuelling unease within Labor's parliamentary ranks. The media is heavily involved, providing a platform for nervous Labor MPs to speculate on a leadership challenge by Deputy Prime Minister Julia Gillard—which has so far been ruled out by both Gillard and other senior cabinet ministers.

Gillard enjoys corporate backing and the support, in particular, of the Murdoch media. As Education and Industrial Relations minister she has initiated major attacks on public education, enforced the harsh Fair Work Australia industrial regime and maintained the draconian powers of the previous Howard government's Australian Building and Construction Commission. A former Victorian Labor "left" she has close ties to the trade union apparatus, which has worked to suppress any organised opposition to Labor's agenda. Abbott, on the contrary, is widely regarded as a buffoon, and there is no consensus in ruling circles that an Abbott-led conservative government would be capable of confronting the working class under conditions of mounting economic crisis and social unrest.

The forthcoming federal election will once again be a contest between two big business parties with equally reactionary agendas. Whether Labor or Liberal, the next government will launch an aggressive program of austerity measures, like its counterparts around the world, aimed at placing the full burden of the global economic and financial crisis directly onto the shoulders of the working class.

The only progressive alternative is the building of an independent political movement of the working class, based on a socialist and internationalist perspective, which has its aim the establishment of a workers' government, the implementation of socialist policies and the reorganisation of the world economy to meet social needs instead of private profit.

The Socialist Equality Party will be holding conferences in Sydney on July 4 and Melbourne on July 11, titled "The World Economic Crisis, the Failure of Capitalism and the Case for Socialism", as part of the fight to develop the necessary discussion within the working class around this perspective. We urge all readers of the WSWS and supporters of the SEP and International Students for Social Equality to register and make plans to attend.



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