Australian prime minister Rudd ousted in political coup

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In a series of extraordinary events over the past 24 hours, the Australian Labor Party leader Kevin Rudd has been ousted as prime minister through a campaign orchestrated by multi-national mining companies, the Murdoch media and other corporate and financial interests and implemented through a series of backroom manoeuvres by right-wing factional warlords and trade union bureaucrats.

Deputy prime minister Julia Gillard was elected unopposed as Labor Party leader at a special meeting of the party's parliamentary caucus this morning after Rudd was pressured not to re-contest the leadership position.

The political coup began several weeks ago when right-wing factional leaders began organising support for a leadership challenge. On June 15 former Australian Workers Union national secretary Bill Shorten, now a Victorian MP, urged Julia Gillard to challenge the leadership. Gillard insisted that she did not want to stand—a position she maintained at Tuesday's caucus meeting, from which Rudd emerged confident of remaining Labor leader.

Key right-wing faction leaders, however, initiated a series of manoeuvres behind the backs of the caucus and the party to effect a leadership challenge. By Wednesday evening, the coup against Rudd was in full swing. Australian Workers Union national secretary, Paul Howes, issued a statement that the union no longer supported Rudd, while faction leaders informed the media that support for the prime minister had collapsed. Confronted with a fait accompli, Gillard told Rudd she would challenge.

Late on Wednesday night, Rudd issued a defiant statement that he had been elected by the Australian people, not by factional bosses and indicated he would fight. But the following morning, he reversed his position and Gillard was installed unopposed.

The circumstances of Rudd's removal are a graphic exposure of the thoroughly worm-eaten character of both the Labor Party and the entire system of so-called parliamentary democracy in Australia. The Labor Party long ago ceased to be a mass political party in any meaningful sense of the word, but the depth and breadth of the gulf between it and the lives and concerns of the mass of ordinary people have never been so clearly demonstrated.

The leadership challenge was not decided by a move from the caucus but by a tiny handful of unknown factional bosses and union bureaucrats responding directly to the demands of powerful corporate and financial elites for a revamping of the government.

Not only did backbench MPs have no idea of the events on Wednesday evening, Cabinet members were in the dark as well. As one minister told the ABC: "I am sitting in my office watching all this unfold on TV. I have no part in this and no idea what's going on. This is madness."

Much has been made of the collapse in opinion poll support for Labor as the underlying reason for Rudd's demise. But the opinion polls reflect more the impact of the media on popular consciousness than any genuine social or political movement. When key sections of the media and the corporate interests they represent backed Rudd, his opinion poll ratings reached record highs. Once he lost their confidence and their support was withdrawn, his opinion poll rating, and that of the Labor Party, fell accordingly.

The ousting of Rudd—the only time a Labor prime minister has been removed during his first term—was not carried out as a result of a movement of the working class, but by key sections of the financial and corporate elites.

Rudd's slide began in early December when his proposed Emissions Trading Scheme (ETS) collapsed. A deal to secure its passage through parliament blew up after Liberal leader Malcolm Turnbull was deposed by Tony Abbott following an anti-ETS campaign backed by the same large mining companies and corporate interests that pushed for Rudd's removal. The government's scheme, which had been aimed at positioning Australian financial interests to take advantage of carbon credits trading, became a virtual dead letter with the debacle at the Copenhagen climate change summit at the end of last year.

Throughout 2009, the central plank of the government's program was a fiscal stimulus package, supported by the financial and corporate elite, to deal with the global financial

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crisis. But by the beginning of 2010 financial markets began exerting growing pressure globally for stimulus packages to be reined in and for the cost of the bailouts to be extracted through drastic reductions in government spending.

These demands found political expression in Australia through a campaign launched by the Murdoch press against Rudd's spending measures. The lack of safety controls and regulations in the roll-out of the government's home insulation scheme, which led to four deaths and a number of house fires, requiring thousands of inspections, were used to attack the government's efficiency and "big spending". This campaign was extended to Rudd's so-called building education revolution, involving criticisms of the rorts involved in the construction of some school halls and library buildings.

At the same time, articles began to appear extolling the virtues of Julia Gillard. Opinion pieces by right-wing commentators praised her political skills and her ability to defeat teacher opposition to school league tables contained in the government's so-called MySchool program, and her introduction of Fair Work Australia, which continued and strengthened the anti-working class industrial relations program of the former Howard Liberal government.

In response to the growing demand, both internationally and within Australia, for deficit reduction, the government made two key decisions in its May budget that were to play a decisive role in creating the political conditions for Rudd's removal.

In mid-April, Rudd, acting under pressure from Gillard among others, decided to shelve the ETS in order to remove provisions for compensation to major corporations from the budget and so assist in returning it to surplus faster than previously planned. The same considerations lay behind the introduction of the resource super profits tax on major mining corporations, with revenue from the tax to be used to reduce the overall corporate tax rate from 30 to 28 percent and to boost infrastructure spending in mining regions.

The shelving of the ETS saw a major shift away from the Labor Party and toward the Greens from supporters of action on climate change—characterised by Rudd as "the greatest moral and ethical issue of our time". At the same time, disillusionment was growing with the social policies of the Rudd government, including attacks on refugees and its deepening of the reactionary Northern Territory intervention against Aboriginal communities.

The mining tax proposal was met with a furious multi-million dollar campaign by the mining companies. Appealing to fears that the tax could jeopardise mining investments and profits, resulting in job losses and increasing economic instability, the campaign gained political traction, particularly in resource-based regions in Western Australia and Queensland, leading to a collapse in support for the government.

The anti-tax campaign was supported by other financial and corporate interests on the basis that the government should reduce the deficit through cuts in government spending, not by raising taxes.

Significantly, at the first press conference following her election Gillard declared that the doors of the government were now open to the mining companies for negotiation, and that she was ordering the withdrawal of the multi-million dollar government-funded pro-tax advertising campaign. Refusing to set any "parameters" on negotiations, she asked only that the mining companies "open their minds."

Gillard also issued an immediate reassurance to Washington that under her leadership the Labor government would continue to support the war in Afghanistan. Amid calls from right-wing factions in the Labor Party for harsher measures against asylum seekers, she insisted that she would ensure "strong management of borders."

Asked why she had sought the leadership, after weeks of denials, Gillard said that the government had "lost its way". This was a pledge to the powerful corporate and financial interests behind the ousting of Rudd that the Labor government, under her leadership, would realign itself even more directly with their demands.

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