

# The Australian Labor Party coup: a warning to the working class

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Julia Gillard's installation as prime minister last Thursday through an unprecedented coup initiated within the Labor apparatus by a tiny handful of unknown factional warlords and trade union bureaucrats is a clear warning to the working class.

The methods by which the coup was carried out, behind the backs of the cabinet, the Labor Party caucus, not to speak of the Labor Party at large and the general population, points to the increasingly anti-democratic measures that are now being developed.

Thirty-five years ago, in the midst of the last major global crisis of the capitalist system, the Whitlam Labor government was sacked in a coup involving the highest levels of the state apparatus, as well as intelligence agencies including the American CIA. No doubt these same forces were either directly involved in, or at least had knowledge of, the ousting of Rudd.

If relatively little is known at this stage about the details of the events last Wednesday and Thursday, it is because the axeing of Rudd was carried out by a tiny cabal operating entirely out of public view.

The only justification put forward for the coup has been the claim that opinion polls had shown that Labor was certain to lose an election if Rudd remained as leader. But within two days of Gillard's installation, the highly dubious and manipulated character of the polls was demonstrated when new polling suddenly "revealed" that under Gillard, Labor may even increase its parliamentary majority. This revelation was accompanied by banner headlines informing readers that the new prime minister had "saved" Labor.

All the explanations offered to explain Rudd's demise, including his rage, dysfunctional management style and autocratic leadership are entirely secondary issues. The decision to cut down a first term prime minister was not due to his poor ratings or his office management style. After all, if opinion polls were a determinant of policy then Australian troops would have long ago been withdrawn from Afghanistan, given that more than 60 percent of the population is opposed to their continued participation in the US-led war.

Further clarity on the exact circumstances of the coup and the driving forces behind it will no doubt emerge in coming days and weeks as the policies of the Gillard government are developed.

But at this stage one can point to a number of factors. In the first place, the coup has demonstrated that so-called parliamentary democracy does not represent the interests of the people, but is a screen for the operations of corporate and financial interests that are the real wielders of political power. Furthermore it has underscored that the Labor Party has no

connection whatsoever with the broad mass of working people, but is the political instrument of these same interests. Rudd, who led the Labor Party to victory at the last election, was simply removed without a vote in parliament, the cabinet, or caucus not to speak of the wider Labor Party.

No opposition to Rudd's policies had been voiced within the parliamentary party and its leadership—indeed the new prime minister and deputy, Gillard and Wayne Swan had been central to their formulation and implementation.

While domestic reasons are being cited as the reason for Rudd's removal, important geopolitical factors may also have been at work. In this context the cancellation by US President Obama of two scheduled visits to Australia—ostensibly for reasons bound up with American political issues—may come to be viewed in a different light.

As the events of 35 years ago demonstrated, Australia is extremely sensitive to geo-political shifts. The Whitlam government was sacked within just seven months of the defeat of US imperialism in Saigon, in conditions of great uncertainty for the United States in South East Asia

Today, one of the central features of the geopolitical situation is the increasing tension between the US and China, under conditions where Australia is economically dependent on China but politically subordinated to the United States. Throughout the South Pacific and Southeast Asian region, the "China factor" is now a major issue in political affairs. Whether it played a part in the overthrow of Rudd remains to be seen. But the fact that Gillard is a member of the Australian-American Leadership Dialogue means she is well-known in Washington and in the US foreign policy apparatus, and has no doubt been "vetted" by the US security establishment.

One of the key driving forces behind Gillard's elevation has been the demands of the financial and corporate elite for a programmatic shift away from the post-2008 fiscal stimulus spending measures, with which Rudd had been closely identified, to the elimination of the budget deficit and reduction of debt by cutting government spending, raising regressive taxes, and lowering consumption levels.

The shift is directly bound up with international processes. Over the past several months, global financial markets have been clamouring for austerity in virtually every advanced capitalist economy as a means of preventing the further spread of the sovereign debt crisis currently wracking Greece and the European Union. This second stage of the global capitalist breakdown, which began with the 2008 financial meltdown, is now being translated into politics, resulting in leadership upheavals in several countries.

In Britain, last May's election resulted in the ousting of Gordon Brown's ruling Labour Party and the installation of the business- and media-backed Tory-Liberal coalition government headed by David Cameron. Junking the stimulus policies that had been championed by Brown, its first budget included the largest spending cuts implemented in the post-World War II period. Similarly, in Japan, Yukio Hatoyama was forced to resign as prime minister earlier this month, less than a year after leading his Democratic Party of Japan to a major election victory. Hatoyama's successor, Naoto Kan, has since announced a debt-reduction strategy featuring a doubling of the country's sales tax and other regressive measures.

The turn to austerity in Australia has been prepared during the past six months through a sustained campaign waged by the media, with the Murdoch press leading the way. As part of its insistence on an end to stimulus spending, the *Australian* belatedly seized on the deaths of several workers to condemn the home insulation government subsidy program, and devoted considerable resources to investigating alleged rorts in the government's school building construction program.

The Rudd government's May budget marked a definite turning point. It outlined a three-year return to surplus but without any significant spending cuts—the proposed carbon Emissions Trading Scheme was abandoned, allowing the government to put back on the books billions of dollars worth of corporate and household subsidies that had been built into the scheme.

Moreover, the government delivered the budget at the same time as releasing a major tax system review conducted by Treasury secretary Ken Henry. But Henry's many recommendations, calling for higher consumption and other regressive taxes, and for much lower corporate and high income tax rates, were either ignored or explicitly rejected. Instead the government adopted the review's proposed 40 percent mining rent tax, calling it the Resource Super Profits Tax (RSPT). The mining companies immediately went on the offensive, while Rudd failed to rally rival sections of business behind the tax despite promising a 2 percent reduction in the corporate tax rate and a boost to the financial sector through an expanded superannuation scheme.

In an article in Saturday's *Australian*, Jennifer Hewett, the newspaper's national affairs correspondent, gave voice to the response of big business and finance to Rudd's budget and RSPT: "The panicked business community was more than willing to give the government the benefit of the doubt as it moved to guarantee bank deposits and shore up consumer and business spending. But as it became evident that the Australian economy was recovering relatively well, business turned to worrying more about exactly what the government was intending to do to manage an economy better placed than just about any other in the developed world." Hewett continued, "[M]any business leaders were still hopeful that big changes to tax would come out of the Henry tax review", but were "simply stunned to discover that the big change selected by Rudd and the Treasurer was an ill-conceived tax on the mining industry".

In 2008 and the first half of 2009, when Rudd's stimulus measures enjoyed the support of the business and media elite, the prime minister was being hailed as the most popular leader in Australian history. But once these forces shifted, so too did the opinion polls, registering a record plunge in Rudd's personal standing. Rarely has the carefully manipulated character of opinion polling been so evident.

While the campaign against the government was spearheaded by the multinational mining corporations, there was growing opposition to the

government among other larger corporations. According to a report in the *Australian*, Graham Bradley, the president of the Business Council of Australia, which encompasses the top 100 Australian firms, was to have delivered a speech last Thursday "warning the government that the entire business community—not just the miners—were concerned about the effect of the tax on the broader economy and Australia's reputation as a destination for needed foreign investment". But Rudd was dumped just hours before the address was due to be delivered.

The anti-democratic and conspiratorial nature of the operation provides a clear insight into the utterly corrupt physiognomy of the Labor apparatus. Not a single member of parliament opposed Rudd's political execution—and no one consulted the Labor Party membership or the working class. This included Rudd himself. Last Wednesday night he publicly condemned the factional leaders, but the following morning, in an abject capitulation to the media and business forces conspiring against him, he chose not to contest the leadership, obediently accommodating himself to the Gillard *fait accompli*.

In her first speech as prime minister, Gillard made clear how conscious she was of the powerful social forces behind her elevation. She pointedly gave credit to "Labor giants Bob Hawke and Paul Keating as the architects of the prosperity of modern Australia", and to "John Howard and Peter Costello for continuing these reforms". She also promised to deliver a budget surplus by 2013 and signalled she would back down on the mining tax—necessitating significant spending cuts.

Significantly, immediately after her installation Gillard moved to underscore her right-wing credentials on foreign policy. She praised Australia's contribution to the occupation of Afghanistan and promised to maintain it, then held a meeting with the American ambassador and a 20-minute phone conversation with President Obama.

The *Australian* reported on Saturday that during her first cabinet meeting, Gillard "warned critics that she had an iron stomach for hard policy reform" and "presented herself as the Rudd government's key reformer". She reportedly declared: "It would be completely absurd to conclude that I am not prepared to stump up to hard reform and I would refer people to my track record as deputy prime minister—a record of reform."

The new prime minister has notably downplayed her record overseeing the school construction stimulus program, and has instead boasted of her provocative confrontations with teachers while implementing the reactionary NAPLAN and MySchool standardised testing regime.

In a direct appeal to the right-wing factional and union heavyweights who installed her, Gillard rushed to embrace "dog-whistle" politics by whipping up anti-immigrant and anti-refugee prejudice. Calling on all the reactionary nostrums of "White Australia" and Australian nationalism, she declared her "understanding" of allegedly "widespread" concern over the arrival of boats of asylum seekers off north-west Australia. She also publicly rejected Rudd's promotion of a "big Australia" based on rapid population growth during the next four decades, declaring the need to "stop, take a breath and develop policies for a sustainable Australia". Before announcing her cabinet, Gillard nevertheless rushed to rename the portfolio of Tony Burke, from population minister to minister for sustainable population.

The promotion of anti-immigrant chauvinist poison is aimed at serving as the Gillard government's key ideological mechanism for the implementation of deeply unpopular budget cuts and pro-business

economic reforms—just as it served the Howard government and many before that. Immigrants and refugees will be made scapegoats for the lack of jobs, affordable housing, decent transport, health, and education infrastructure, in an effort to pre-empt the emergence of a unified working class challenge to the real cause of these problems—the profit system itself.

Gillard has enjoyed the fulsome support of the media since becoming prime minister. Newspapers over the past four days have featured pages of glowing praise amid banal details of her personal life and political record. Predictably, opinion polls have been published showing an extraordinarily sudden hike in support for the Labor government. Just two days after the coup, the Fairfax press published the results of a poll supposedly showing the prime minister had “a thumping 21-percentage-point lead” over the Liberal Party’s Tony Abbott as preferred prime minister. Labor’s primary vote, it declared, was now 47 percent, 14 percent higher than recorded only weeks before.

Editorials have attempted to assuage the deep concern, opposition and anger among ordinary people over the anti-democratic methods used to install Gillard. The *Sydney Morning Herald* on Saturday acknowledged: “The public reaction—often angry—shows that many voters are finding Kevin Rudd’s fate reveals an uncomfortable secret about the way our democracy works.” The newspaper then rushed to defend the Labor factions, declaring them “a way to ensure different strands of political thinking can coexist within a party without generating tensions which will tear the party apart”. For good measure, the *Herald* absurdly declared as a “myth” the notion that the mining companies had played a central role in bringing Rudd down.

Gillard is an unelected prime minister heading an illegitimate government lacking any public support for the assault on the social position on the working class it is about to undertake. For these very reasons, she is being urged to trigger an early election, possibly for August, thereby short circuiting any debate on how Rudd was ousted and why. Such an election campaign will take the form of yet another conspiracy against the Australian people, with neither the Labor nor Liberal parties discussing the real agenda they are preparing to implement once the election is over.

These manoeuvres have only been able to proceed because the working class is yet to emerge as an independent factor in political life. While there is immense disquiet and opposition, this remains largely unexpressed and beneath the surface. Such a situation carries with it enormous dangers.

Gillard’s installation stands as a clear signal that the ruling class is developing new and authoritarian forms of rule as part of its preparations for the coming period. The working class must urgently make its own counter-preparations. The Socialist Equality Party is convening conferences titled “The World Economic Crisis, the Failure of Capitalism and the Case for Socialism”, to be held in Sydney (July 4) and Melbourne (July 11), precisely in order to outline and develop discussion around the necessary socialist and internationalist perspective required to develop a new political movement of the working class. We urge all *World Socialist Web Site* readers to make preparations to attend.

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