

# Australia: Labor's leadership coup starts to unravel amid leaks and counter-leaks

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With less than three weeks to go before the August 21 federal election, Prime Minister Julia Gillard's government has been shaken by a series of serious leaks from within the senior ranks of the Labor Party. Media opinion polls now suggest that the Labor government is back exactly where it was before Gillard ousted Kevin Rudd—facing defeat in its first term of office, the first such debacle since the 1930s.

From the outset of Gillard's brief rule, there have been unprecedented disclosures to the media of highly sensitive and damaging information, presumably orchestrated by supporters of Rudd, or others disgruntled by the backroom leadership coup. Over the past week, a series of retaliatory counter-leaks has surfaced, clearly aimed at discrediting Rudd.

The war of leaks has dashed the hopes of Gillard and her backers of using a snap election to bury all discussion about the implications of Labor's June 23-24 ousting of Rudd. Gillard was installed by Labor's factional and union bosses at the direct behest of powerful elements within the corporate elite. Notably the global mining giants vehemently opposed the Rudd's government's proposed "super profits" tax. Others within the business and media establishment wanted a far sharper turn to austerity measures to pay for the multi-billion dollar stimulus packages that were used to prevent the collapse of the banks and major companies following the worldwide financial crisis that erupted in 2008.

In the latest leaks, on Friday the *Australian* reported that, according to "government sources," Gillard had failed to contact the leaders of China and Japan—two of Australia's most important markets—since becoming prime minister. Gillard's office later said she had not taken up an invitation to speak personally to the Chinese leadership because of "logistic difficulties" and confirmed that she had not spoken to Japan's new prime minister, Naoto Kan. By contrast, she phoned US President Barack Obama on her first day in office, suggesting a closer alignment to Washington.

On the same day, in an apparent retaliation, Robert Gottlieb, one of the editors of the *Business Spectator* web site, reported that "well-sourced", "anti-Rudd" forces had told him that Rudd had had a falling out with US President Barack Obama. According to Gottlieb: "It would seem that at the last Rudd-Obama meeting, something went wrong. As a result,

after the meeting, President Obama told one of his closest associates that he wanted someone to be present in all future meetings with Kevin Rudd. That statement from the US President has found its way back into the anti-Rudd camp."

This accusation, while intended to damage Rudd, points to another possible ingredient in the Gillard coup—concern in Washington, particularly over Rudd's refusal to send more troops to Afghanistan and his government's announcement of a possible two-to-four year deadline for the withdrawal of Australian forces.

There were further leaks in Saturday's press. Peter van Onselen, a contributing editor to the *Australian*, reported that a "Rudd confidant" had quoted Rudd telling him that Treasurer Wayne Swan, who became deputy prime minister after Rudd's removal, "drove the agenda on the mining tax. He didn't want to compromise right up until the last minute". The implication was that Swan had set up Rudd by pushing the "super profits" tax, and then stabbed him in the back by joining Gillard in abandoning it.

The same unnamed source cited Rudd saying that the very first time Gillard had made him aware of her concerns about his performance as prime minister was when she telephoned him on June 23 to say she needed to meet with him—in the meeting that ultimately involved her challenging for the leadership. This charge undermines Gillard's claims that she had painfully formed the view over a period of time that the government had "lost its way".

Also on Saturday, the *Australian* reported that "sources" had said that when Gillard was deputy prime minister she regularly failed to attend cabinet's National Security Committee (NSC) meetings. Instead, she sent her former bodyguard and junior staff member Andrew Stark. In response, Gillard initially claimed that cabinet confidentiality prevented her from defending herself against the allegation. Later in the day, she changed tack, and declared that it was "offensive" to suggest there was anything wrong with Stark, an ex-Australian Federal Police officer, keeping notes at NSC meetings she could not attend.

The NSC disclosure was an obvious counter-attack by Rudd's backers. Based on other Labor "sources," the Australian Broadcasting Corporation last week reported that

Rudd had shown a “casual disregard” for the NSC and at times sent his 31-year-old chief of staff, Alister Jordan, to deputise for him.

Both Gillard and Rudd, in turn, indignantly insisted that “national security” remained their highest priority in government. Nevertheless, the revelations made a mockery of the Labor government’s endless claims that dire threats of terrorism make it essential to participate in the escalating US-led war in Afghanistan and to keep bolstering the draconian anti-terrorism powers of the security agencies.

Earlier in the week, Gottliebsen said he “obtained my own kitchen cabinet leak,” which he said, “reflects very badly on Rudd and shows Gillard in an entirely different light”. The business columnist reported that Rudd had overruled Gillard’s initial draft of her Fair Work Australia industrial relations legislation.

Gottliebsen wrote that the draft Gillard legislation was reportedly “a stroke of genius” that “would have delivered boosts to productivity” without the deeply unpopular “nasties” of the previous Howard government’s Work Choices laws. But when junior minister and former Australian Council of Trade Unions (ACTU) secretary Greg Combet and others saw the Gillard draft, “they were very unhappy and got into the ear of Kevin Rudd”. As a result, the legislation was “dramatically changed” to embed the union movement at every point in the workplace bargaining process.

Apart from seeking to blacken Rudd’s name in business circles, this leak was obviously designed to depict Gillard as an advocate of an even more pro-employer version of the Fair Work laws. As it is, the legislation maintains all the anti-strike features of the Work Choices regime.

The industrial relations disclosure may have been pay back for the week’s most damaging revelation, that Gillard actively opposed last year’s decisions by the Rudd government to slightly increase aged pensions and establish, for the first time, an 18-week, minimum-wage paid parental leave scheme. After initially denying the story, Gillard and her supporters reversed course and made a blatant pitch for big business and media backing, saying she had “no apology” to make—her concern had been the “affordability” of the increased spending. (See: “Australia: Prime Minister Gillard answers damaging leaks with display of ‘steel’”).

Among the earlier accusations against Gillard was that she reneged on a deal to allow Rudd to remain in office for an election in October, and that she had pushed a reluctant Rudd into dropping the government’s emissions trading scheme, an about-face that triggered a sharp slide in Rudd’s opinion poll ratings.

The leaks have continued despite Gillard, at the end of last week, warning that, if the Labor government were re-elected, she would enforce cabinet confidentiality and sack any minister found leaking.

Whatever the precise sources of the disclosures, it is clear that

they come from within Labor’s inner sanctum. Under Rudd, high-level discussions were reportedly confined to a “kitchen cabinet” with Gillard, his then deputy, Treasurer Wayne Swan and Finance Minister Lindsay Tanner, who is retiring from politics.

According to the *Australian’s* Peter van Onselen: “[I]f Rudd personally isn’t out there backgrounding against the new Prime Minister, people are doing it on his behalf, with or without his imprimatur. And they are senior sources with access to the former prime minister and the content of cabinet deliberations.”

The Murdoch media strongly backed the Gillard coup, but now conveys a sense of foreboding that it is in danger of seriously backfiring. The *Australian’s* editor at large, Paul Kelly, warned on Saturday: “The Julia Gillard leadership coup that will determine Labor’s destiny for the next decade is now on trial as Labor stumbles in the campaign.”

The week ended with Rudd suddenly taken to hospital for gall bladder surgery. Before that incident, Gillard had firmly rejected any suggestion that her predecessor had been asked to campaign for Labor outside his own Brisbane electorate. Just before undergoing surgery, however, Rudd issued a statement that after he had recovered, he would campaign “elsewhere in Queensland and the rest of the country as appropriate”. Gillard was forced to shift her position, wishing Rudd a speedy recovery and welcoming his campaigning efforts.

If Rudd does join the national campaign trail, the spotlight will only be focussed even more on him. In his column, Kelly observed: “Can you imagine the media pack that will trail Rudd the moment he begins a wider campaign, the questions he will face and the potential for real or artificial differences with Gillard?”

The *Australian’s* political editor, Dennis Shanahan, commented: “Julia Gillard is no longer the central figure in the Labor campaign, and her legitimacy and effectiveness as party leader is constantly being brought into question... Labor’s campaign is sinking into bitter recrimination and a constant reliving of the execution of Rudd as PM.”

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