

The ousting of Kevin Rudd: How the global corporations and financial markets rule

Nick Beams
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The following is the text of the speech delivered by Nick Beams, Socialist Equality Party national secretary, to an SEP election meeting last Sunday in the electorate of Reid in western Sydney. Beams explained the underlying reasons for the political coup within the Australian Labor Party that ousted former Prime Minister Kevin Rudd.

Beams, who is a member of the International Editorial Board of the World Socialist Web Site, heads the SEP ticket for the Senate in the state of New South Wales. The meeting in Reid was the first in a series organised by the SEP before the August 21 election. Meeting details as well as extensive election coverage can be found [here](#).

One commentator in this morning's press noted that the turmoil in the Labor Party over the leaks against the Prime Minister Julia Gillard was taking on Shakespearean dimensions.

One can imagine that if William Shakespeare were to return to life and arrive in the midst of this election, he would rapidly become aware, like the rest of us, of the utterly vacuous character of the official campaign.

But this highly perceptive observer of human and social relations would just as quickly recognise that the official palaver was just a screen behind which much more important events were taking place.

He could hardly fail to draw a parallel between the ghost of the murdered Banquo, in his play *Macbeth*, and the ghost of the politically-deceased Kevin Rudd now haunting Julia Gillard and her fellow conspirators who brought him down in the coup of June 23-24.

And he would quickly pick up the sub-text in the responses by the Labor leaders to the politically poisonous leaks directed against Gillard. The author of Mark Anthony's famous speech on the death of Julius Caesar, in which he forever added a new dimension to the phrase "an honourable man" by applying it to Caesar's assassin, Brutus, could hardly fail to notice that Rudd has been pointedly described by both Gillard and her deputy Wayne Swan in the same way. Through gritted teeth they tell us, Kevin Rudd is an "honourable man".

Of course, the events of the coup that ousted Rudd and all that has followed cannot be fitted into the structure of one of Shakespeare's plays. But we can still learn a thing or two from the master dramatist.

A feature of Shakespeare's plays, which contributes to their enduring significance, is the way that individuals' decisions and actions, seemingly providing an answer to pressing problems at one point in time, lead ultimately to their downfall at another, as these decisions and actions become enmeshed in wider social and political relationships. In light of

the war that has broken out in the Labor Party, Ms Gillard and her collaborators might well ponder on this.

So far as the coup plotters were concerned, the ousting of Rudd seemed to provide a quick fix to problems faced by the government. The campaign launched by the major mining companies over the Resource Super Profits Tax was a clear directive from some of the most powerful transnational corporations: the Labor government had to be internally re-fashioned and re-organised to meet their demands.

The immediate justifications for the coup were that opinion polls showed a disastrous plunge in the government's ratings, Rudd's autocratic style had led to problems in the formulation and implementation of policy, and the Australian people had stopped listening to the prime minister. Summing up these justifications, Gillard explained that the problem was that a good government had "lost its way".

Of course, as the American Trotskyist James P. Cannon once explained, in his own inimitable style, in politics there is always a good reason and then there's the real reason. If opinion polls, management styles and personality defects were determining factors, then many more political leaders would have been deposed.

The coup plotters hoped that, having ousted Rudd and re-aligned the government, it would be plain sailing. The media did its best to assist. The first opinion poll published after the ousting of Rudd was greeted with the banner headline "Gillard Saves Labor". In the week that followed the new government stitched up a deal with the three major mining transnationals—BHP Billiton, Rio Tinto and Xstrata—acceding to their central demands by handing them back tens of billions of dollars, while setting up a committee to draft the mining tax legislation under the leadership of former BHP Billiton chairman Don Argus. In a revealing comment after the agreement, Gillard said that the deal had established a tax that the mining companies had "agreed" to pay. In other words, the mining firms proposed, the government disposed.

But, as Shakespeare knew so well, the plans of the plotters have not quite worked out because other forces, beyond their control, have come into play. What they did not count upon was the deep concern and in some cases anger among wide layers of the population over the manner of Rudd's removal. After all, just two and a half years before, Rudd had been installed in a vote to oust the Howard government. Now the votes of millions counted for nothing and he was removed by a cabal, operating in the shadows.

Gillard made an attempt to address these concerns in remarks during the televised Leaders' Debate on July 25. She understood that "there were a

lot of Australians who were pretty surprised, pretty taken aback” when she became prime minister and were asking themselves why it had happened.

She did not supply an answer. According to Gillard, the government had become bogged down in a series of issues—the acrimonious debate on the mining companies was the only one mentioned—and she did everything she could and worked as hard as she could to correct some of the problems. “But it came down to a really difficult choice and it didn’t sit easily with me. It’s a hard decision, a really hard decision but it came down to a choice as to whether I should continue to be of service to Kevin Rudd or whether I needed to look to my service to the Australian people. It’s a hard choice. The choice I made was to be of service to the Australian people.”

What a happy coincidence it was, as is so often the case in these matters, that the choice which met Gillard’s “vaulting ambition,” to use Macbeth’s phrase, should also meet her desire to serve the Australian people.

But the people remain concerned. They have begun to sense, and rightly so, that all is not as it is portrayed in the official description of the “democratic” process, and that parliament and elections are really just a façade behind which far more powerful forces operate and which determine political outcomes.

There is a growing coincidence between the sentiments of millions of people and the analysis of the Marxist movement, the revolutionary socialist movement, which has always explained that parliamentary democracy is a cover for the dictatorship of the most powerful and corporate interests, backed by the force of the capitalist state. Of course, that analysis has not been spontaneously grasped as a result of the experiences of June 23-24. But these events have begun to open up a path through which the analysis and program of the revolutionary movement can intersect with the living experiences of millions of people and change their consciousness.

In “normal” times, the real relationships that underpin bourgeois democracy are obscured by a series of myths: that the policies of governments are determined by elections; that “the people” decide on political issues through the ballot box; that political power resides in the hands of their elected representatives and so on.

But the coup provided a glimpse of the real relationship of forces and there is no more dangerous situation for the ruling class than when the political fictions, which poison the consciousness of the masses and which are so vital for the maintenance of bourgeois rule, begin to be exposed. Alarm bells ring out, and “all hands on deck” is the cry, as resources are mobilised from everywhere to try to prevent this going any further.

In the front line are the mass media. So we find a series of articles pointing out how bad the situation had become under Rudd. Opinion pieces were published explaining that Rudd was not really removed, he was responsible for his own demise, and the internal polling of the Labor Party showed that he had to go and so on. But other resources must be called on as well.

Here the pseudo-left organisations—Socialist Alliance, Socialist Alternative, Solidarity and the Socialist Party—play a vital role for the bourgeoisie, by covering up the significance of what has taken place, and keeping the working class subordinated to the Labor Party, to the parliamentary apparatus and to the capitalist state itself.

Immediately after the coup all of them rushed forward to say that nothing much had taken place—“same horse, different jockey” was the phrase used—and that the installation of Gillard could even be beneficial because it would assist in the electoral contest of the Labor Party against Abbott.

We have written on the response of these organisations, so I will not go into detail here. Let me cite just one example.

Ewan Saunders, the Socialist Alliance candidate for the seat of Brisbane, pointed to the crucial role of the mining multinationals in the ousting of Rudd but then called for Gillard and the trade union leaders, who had carried out their dictates, to stand up against them. Here is what he said: “Now is the time for the trade union movement to say enough is enough. We must demand that Gillard and the ALP stand up to the mining giants and refuse to back down on the government’s proposed tax on mining super-profits.”

Behind the Labor Party coup

How are we to understand these events and their implications for the working class?

I referred in my introduction to Shakespeare’s deep understanding of human and social relations. He was writing at the very dawn of capitalism when the economic processes and social relations that now dominate our lives were only just emerging and the old feudal order was starting to break down.

Shakespeare made powerful artistic insights but it was not for another 250 years that the scientific laws of historical development could be revealed and laid bare. This was the great work of Karl Marx and his lifelong collaborator, Friedrich Engels. Marx explained that in seeking the origins of great shifts in the political superstructure of society it was necessary to examine changes in the economic base.

We certainly have been experiencing vast shifts in economic structures and it is here that we must look to discover the origins of the sweeping changes in the political landscape in this country and their implications.

The global financial crisis that erupted in 2008 with the collapse of Lehman Brothers was not some kind of financial downturn, a cyclical problem, from which there would be a return to normal. It was a breakdown in the very structures of the global capitalist system. In the words of the head of the European Central Bank, Jean-Claude Trichet, it was the most severe economic crisis since the Great Depression of the 1930s and possibly since the outbreak of World War I in 1914.

After mobilising trillions of dollars to bail out the banking and financial system, the international bourgeoisie is now seeking to restructure economic and political relations to make the working class all over the world pay for the rescue of its financial system. This is to be done through austerity programs, the like of which we have not seen in the post-war period—programs that will not be just one or two years of so-called belt tightening, but will last for decades.

Here we come to a contradiction. After all, the economic situation in this country does not seem as severe as elsewhere. Australia is not experiencing the kind of measures being implemented in Greece or in California—the eighth largest economy in the world if considered as a separate entity—where the state government is all but bankrupt. So how can it be said that economic forces underlie the vast changes we have seen in the political sphere?

Looking at the Australian economy could it not be argued that it has defied the economic laws of gravity? There may be some storms on the global high seas but surely the good ship Australia is making its way through them.

The basic problem with such an approach is that it treats the world economy as a series of discrete national entities which, while they interact with each other, are considered separately, rather than being assessed as what they really are—component parts of an integrated whole.

This is not to say that the situation in every country is the same—far from it. There are national peculiarities and they are extremely important but they can only be understood not as separate entities, or as simply add-on features to an international template. They are, as Leon Trotsky explained so well, “an original combination” of the basic features of the world process.

The political crisis that culminated in the coup against Rudd began to unfold with the decision of the government at the beginning of May to impose a super profits tax on the resources industry. This was not some kind of left-wing, much less a socialist, measure. It was a piece of national economic regulation. Its purpose was not to benefit “the Australian people,” as claimed by Rudd, but to divert resources from the highly profitable mining companies to other corporate interests by lowering the overall company tax rate.

But this decision by a national government to cut across the interests of the transnational mining companies sparked furious opposition. The Rudd government was denounced as the greatest sovereign risk danger in the world.

On July 8, the head of Rio Tinto, Tom Albanese, gave a speech to 500 mining executives at the Lord’s cricket ground in London where he summed up the perspective that lay behind the company’s campaign. He said the actions of the Australian government could feed into what he called “resource nationalism”. That is, other governments may seek to somehow regulate the activities of the transnational corporate giants. He pointedly reminded those governments of the “risk of the Australian approach being considered by other jurisdictions,” saying: “Policy makers around the world can learn a lesson when considering a new tax to plug a revenue gap, or play to local politics.”

There was no need for Albanese to point to the political corpse of Kevin Rudd lying on the floor—the message was received and understood.

Albanese was not just speaking for his own firm, Rio Tinto, or for the mining industry as a whole. He was articulating the outlook of the entire global financial and corporate elite. The financial and capital markets rule, and no opposition will be tolerated. This, to refer again to Trotsky’s analysis, is one of the “basic features of the world process”. It takes one form in Europe, another in Australia.

In an article published in the *Financial Times* on June 23, the day the coup plotters in Australia were sharpening their knives against Rudd, the

German finance minister Wolfgang Schäuble explained that the cuts imposed by his government were needed to inspire confidence of investors that the state could cope with the situation. “This is the lesson of the recent crisis,” he wrote. “This is what financial markets, in their unambiguous response to excessive budget deficits, are telling us and our partners in Europe and elsewhere.” The financial markets tell us, and we obey, says the German finance minister.

British Prime Minister David Cameron has made it clear that he is implementing the most drastic spending cuts in the post-war period because the Bank of England has told him that the rating agencies will be satisfied with nothing less. These are the same rating agencies that bear a direct responsibility for the financial crisis.

Like their counterparts internationally, the Australian Labor Party leaders, factional bosses and trade union bureaucrats responded to the orders delivered to them by global capital. The Labor government had to be revamped, so it was done.

But this action has had consequences. In the midst of an election campaign, a war has broken out in the Labor Party with a series of damaging leaks. According to a recent article in the *Age* by associate editor Shaun Carney: “There is at least one well-connected person on the Labor side who is tailoring information designed to destroy Gillard and then farming it out to selected journalists.”

This internecine conflict in the midst of an election campaign is especially significant because, as the Russian Bolshevik Grigory Zinoviev noted almost a century ago, the ALP is not really a party in the proper sense of the word—it only springs to life once every three years or so at election time.

What do these events signify? That under the pressure of enormous tensions generated by the crisis of the global capitalist order, the old institutions and parties that sustained the system of bourgeois parliamentary democracy are breaking down. New forms of rule will now be developed. The demands of corporate and finance capital cannot be imposed democratically. A new agenda requires new forms of rule.

And here lies the most important lesson of the crisis for working people. They were sidelined in the coup. When the faction leaders like Bill Shorten organised the ousting of Rudd they did not have to take into account the response of the workers’ movement. There was no independent political movement of the working class. It has been smashed up and suppressed by the Labor and trade union bureaucracy over the past two decades.

And as long as that remains the case the working class faces great dangers. What form will the next great political turn take? A move to impose some kind of emergency rule under conditions of deepening economic crisis? A political crisis in which the armed forces of the capitalist state play an active role, as they were prepared to do in 1975 with the sacking of the Whitlam Labor government? We do not have a crystal ball enabling us to make exact predictions. But we can and must point to the general tendency of developments. The fuses of parliamentary democracy are short-circuiting and new authoritarian forms of rule will be developed in the coming period.

There is a profound contradiction at the heart of the present situation: that between the advanced stage of the economic breakdown and the political preparations of the bourgeoisie, and the unpreparedness of the working class for the new reality that it confronts.

The SEP has intervened in this election campaign to fight to overcome this contradiction: to take forward the building of the new mass party of the working class, based on an international socialist program, to meet the challenges directly ahead. We urge that you join this struggle.

[Click here for full coverage of the SEP 2010 election campaign](#)

Authorised by N. Beams, 307 Macquarie St, Liverpool, NSW 2170



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Socialist Equality Party visit:

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