

Gillard sets out the road to pain

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The official title of Australian Prime Minister Julia Gillard's inaugural Gough Whitlam Oration delivered at the University of Western Sydney last night was *Walking the Reform Road*. A more appropriate one might have been *The Path to Pain*.

The speech was an expression of the Orwellian transformation [war is peace, peace is war] that the word “reform” has undergone over the past three decades, in line with the “free market” agenda implemented by governments around the world.

When Labor leader Gough Whitlam became prime minister in the December 1972 federal election, “reform” was identified with certain tangible improvements in the social conditions of millions of ordinary people: the introduction of a universal health care scheme, the provision of sewerage and other badly needed services to outer-suburban, working class regions in the major cities, increased government spending on education and the abolition of fees for universities.

Today “reform” has been turned into its opposite. It signifies the introduction of policies dictated by the financial and corporate elite, aimed at lowering the social position of the working class.

This agenda of pain formed the focal point of the concluding section of Gillard's address, in which she outlined the upcoming program of her government.

And here, again, contradictions abounded.

Gillard noted that after “difficult years for the economy” Australia was now facing a “huge boom—the biggest mining boom in 150 years.” Since 2004, mining investment had increased five-fold, and this year more money would be invested in mining than in building new houses, something that had never happened before. “The boom is good news for Australia and we should celebrate it,” she declared.

In the remarks that followed, however, she made it clear that there was nothing to celebrate as far as

ordinary people were concerned.

In order to “manage the boom”, she insisted, the government had to “keep a tight rein on spending to return the budget to surplus and keep our economy strong.”

Strong for whom? Gillard made it clear that the budget, to be brought down on May 10, would see “tough decisions” that would return it to surplus by 2012-13. Unless this were done, a fiscal blowout down the track “would mean radical cuts to key social services—like public education funding, public services and entitlements. Taking some pain now will ensure that households avoid a lot more pain in the future.”

But Gillard never addressed the obvious question: if the mining boom is to be welcomed, even celebrated, then why is it necessary for the government to impose pain? In the past, a “boom” supposedly meant improved social services and rising living standards. Today, it means cuts and reductions.

The answer cannot be found within the confines of the national economy of Australia.

Like its counterparts around the world, the Gillard government is participating in what American economist Jeffrey Sachs has called a global “race to the bottom” on corporate taxation. While cutting social service spending, governments everywhere are slashing taxes, redistributing income to the major corporations and the very rich in order to attract globally mobile capital.

The powerful forces at work in this “race” were evident in last year's campaign by the three mining giants, BHP Billiton, Rio Tinto and Xstrata, against the Rudd government's proposed resources super profits tax. Since then, the Gillard government has agreed to all the demands of the mining companies so that, according to some estimates, it is doubtful that under Labor's mineral resource rent tax they will pay anything at all. Instead, they are likely to pocket all the

profits generated by the biggest boom in 150 years.

The opening half of Gillard's speech was devoted to the disastrous NSW state election result, which saw it swept from office as a result of the largest swing in history, and the implications for the Labor Party.

Sensing what Trotsky once described as "the smell of death wafting from an open grave", Gillard tried to provide some reassurance to the ageing, and dwindling, band of party faithful. Noting that the party had recovered from significant blows in 1916, 1932, 1955, 1975 and 1996, she declared: "Our party has come back from punishing defeats before and it can be done again."

Significant differences exist, however, between the first four of these experiences and the present situation. In those upheavals, the Labor Party still commanded support from workers in its branches and the trade unions, and more broadly in the working class as a whole. In 1975, the dismissal of the Whitlam government in the Governor-General's coup and the subsequent election defeat saw an influx of members into the party. This was to be the last time such an event occurred.

No such renewal took place after the defeat of the Keating Labor government in 1996, or during the 13 years of the Howard government, despite the widespread opposition to the Liberals, especially among young people. In fact the decline continued, and even accelerated.

Summing up the party's present situation in a comment published in today's edition of *The Australian*, former NSW Labor minister Rod Cavalier noted: "In the past 16 years about 130 ALP branches have folded. Most of the rest are phantoms, paper frauds that could not pass the breath-on-the mirror test. The consequence was obvious on polling day: the land mass of NSW lacked Labor people to staff booths. It was not possible to paper the cracks with the salaried political class, not even with an injection from interstate."

Gillard's speech underscored, once again, the reason for this advanced state of decay. The Labor Party, which once advocated the possibility of reforming capitalism in the interests of the majority of the population through parliament, now openly advances the "reforms" dictated by the wealthy elite.

It is not only the Labor Party that has collapsed, but

the entire perspective of national reformism. The working class must draw the lessons of its historic experiences with Labor and turn to the construction of a new, revolutionary party, based on the principles of socialist internationalism, that will lead the mass struggles that will inevitably erupt against Gillard's program of pain.



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