Australian PM reshuffles ministry to deepen corporate assault

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Prime Minister Julia Gillard announced a cabinet reshuffle on Monday in a bid to shore up her own precarious political situation and prepare for a far-reaching offensive against the living and working conditions of ordinary people.

Two former trade union leaders, Bill Shorten and Greg Combet, were handed super-ministries covering industrial relations and industry, the two most critical areas where the government is under mounting pressure from the corporate elite to deliver on its pledges of fundamental pro-business restructuring.

Unable to dump several ministers, at least two of whom reportedly threatened to quit, Gillard expanded the inner cabinet from 20 to a near-record membership of 22, revealing the escalating tensions within the deeply unpopular Labor government. Any such resignations could bring down the minority government, which is propped up by the Greens and Independents.

Gillard declared that the changes would "give us the focus and the fire power we need" to pursue the highest priorities—"industry, innovation, productivity and participation"—as Australia went through an economic "transition." Amid the worsening global financial crisis, this "transition" consists of bolstering the most profitable sectors of Australian capitalism, the powerful mining and financial elites, at the expense of manufacturing industry, while slashing workers' conditions to make the entire economy "globally competitive."

That means intensifying the attacks already signalled by the sweeping corporate restructuring and destruction of thousands of jobs in recent months, spearheaded by BlueScope Steel and Qantas, and deepening the wholesale cuts being made to public sector services, jobs and conditions.

The most significant elevation is that of Shorten, one of the key factional bosses who orchestrated the backroom political coup that ousted Kevin Rudd as prime minister and installed Gillard in June 2010. As well as producing a shift in foreign policy towards a closer alignment with Washington, Rudd's removal was aimed at ending the stimulus measures used to bail out business in the first phase of the global breakdown in 2008-09, and imposing the new agenda of finance capital—austerity measures and sweeping economic restructuring.

Shorten has been promoted into cabinet with the super-portfolio of Workplace Relations, Employment, Financial Services and Superannuation. The former Australian Workers Union (AWU) national secretary has been placed in charge of implementing the demands of big business for changes to Gillard's Fair Work Australia legislation. These laws already ban nearly all industrial action, but the employers want unfettered "flexibility"—that is, the removal of all barriers to the imposition of cheap labour conditions.

The *Australian's* editorial, which cautiously praised Gillard's reshuffle, said Shorten now had the opportunity to prove he had the "strength of character" to be a future prime minister, in the mould of previous Labor leaders, Bob Hawke and Paul Keating, who "introduced enterprise bargaining which created workplace flexibility." This testing of Shorten underscores the centrality of meeting these demands, which go far beyond those imposed by Hawke and Keating in the last wave of pro-market restructuring in the 1980s and 1990s.

Shorten has a proven track record, as AWU leader, of enforcing the requirements of business, particularly the mining companies whose employees the union covers. Shorten has close personal ties within the financial and corporate elite. Independent Contractors Australia executive director Ken Phillips noted: "Shorten is well connected to the big end of town." Australian Chamber of Commerce and Industry chief executive Peter Anderson told the *Australian*: "He is certainly someone we can do business with... He has a business antenna and sensitivity."

Combet, a former Australian Council of Trade Unions (ACTU) secretary, has been allocated the second overarching ministry—Industry, Innovation, Climate Change and Energy Efficiency—to enforce the acceleration of corporate restructuring. Combet declared that ensuring "competitiveness in the 21st century" and "driving productivity" were his main tasks.

Another of the coup plotters, Mark Arbib, who kept the US embassy informed of every development at the time, was also elevated by Gillard. The factional heavyweight has kept his position as sports minister and been given the additional portfolios of assistant treasurer and small business minister.

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While still not in cabinet, Arbib has been brought into the inner discussions of economic policy.

Combet has displaced Kim Carr as industry and innovation minister. Carr has retained only his manufacturing portfolio and has been relegated to the outer ministry—a further sign of the downgrading of the manufacturing industry and the policies of government intervention with which Carr was associated. Carr had been lambasted in financial circles for promoting "green car" subsidies and other forms of government aid to prop up the motor vehicle producers and other manufacturers. These programs, in which the unions participated via the enforcement of partial shutdowns and wage freezes, dovetailed with Rudd's stimulus packages.

Carr, an initial backer of Gillard's takeover, had reportedly shifted his support back to Rudd in recent months. His demotion was also interpreted as a warning to Rudd that he could face a similar fate if he and his supporters undermine Gillard. Carr's treatment has intensified ongoing tensions within the ministry and Labor caucus over Gillard's leadership.

Just as is happening across Europe and the United States, the debt left by stimulus measures must now be extracted from the working class through the decimation of jobs and services. Tripartite partnerships between government, unions and employers, of the type fostered by Rudd and Carr, must give way to outright closures, job-shedding and wholesale restructuring, as recently seen at BlueScope and Qantas. The airline's unprecedented grounding of its entire fleet last month signaled a new stage in the corporate offensive, with managements demanding unrestrained power to downsize, outsource and casualise their operations.

The rise of Shorten and Combet, who both entered parliament in 2007, highlights the government's dependence on the union bureaucracy, out of which they emerged, to police this program against emerging opposition in the working class. Union leaders, including Combet's successor as ACTU secretary, Jeff Lawrence, hailed the pair's appointments—a warning that the union movement will fully collaborate in the new wave of attacks being prepared.

Another "priority" of Gillard's reshuffle was the government's "health reform" program, which consists of driving down costs by setting "national efficiency prices" for hospital and health services, and pressuring patients into seeking private treatment. New Health Minister Tanya Plibersek and new Mental Health and Aged Care Minister Mark Butler, another former union leader, have both been promoted into cabinet to step up this agenda.

The trade unions will also be closely involved in enforcing this cost-cutting, as already seen when the Australian Nursing Federation last month called off all stoppages by Victorian nurses, who are fighting the imposition of higher patient-nurse ratios and other so-called flexibility and productivity measures.

Since Rudd's ouster in June 2010, the deepening global economic breakdown has undermined the Labor government's previous claims that Australia would be shielded from the fallout by booming resources exports to Asia, particularly China. Far from being exempt, the Australian economy is highly vulnerable to the meltdown occurring in Europe, the ongoing slump in the United States and the emerging slowdown in China. Treasury Secretary Martin Parkinson reinforced the pressure on the government on Tuesday by declaring that Europe would plunge into recession next year and the downturn would hit Australia's revenue growth for up to a decade, necessitating harsher budget cuts.

Gillard's government must ramp up its attacks on working people, even as its plunging media poll ratings confirm that the Labor Party is headed for electoral oblivion, intensifying the infighting within the government. This week's polling showed Labor's support falling back below 30 percent, dashing hopes of a boost from US President Barack Obama's visit last month, during which he and Gillard unveiled an agreement to host US troops in Australia for the first time since World War II, placing the Australian people on the frontline of any conflict with China.

In her reshuffle, Gillard retained Rudd as foreign minister. Neither Rudd nor anyone else in the Labor Party has called into question Gillard's unconditional alignment behind Washington, which was the other fundamental agenda behind the axing of Rudd, who had sought to moderate the conflict between the US and China. The entire Labor Party has heeded that message from Washington.

For now, the government retains the tentative backing of most sections of the media and corporate establishment, but it has been put on notice that it must make good on its pledges or face removal. In its editorial, the *Australian Financial Review* said Gillard's changes could reflect an attempt to address the critical priorities of business but "overall this line-up is too dominated by personal political considerations to provide much confidence that the government can make a new start."

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