

Australian Labor government lurches from crisis to crisis

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The minority Labor government is in further turmoil after Prime Minister Julia Gillard announced on Sunday that she had asked backbench MP Craig Thomson to suspend his Labor Party membership. Thomson faces allegations, which he denies but are currently under investigation, that as Health Services Union chief he misused union-issued credit cards, including for the payment of prostitutes.

The Labor Party now has just 71 of the 150 seats in the House of Representatives, one fewer than the opposition Liberal-National coalition. Thomson remains in parliament, however, and will continue to vote with the government, so there is no immediate change to the parliamentary balance of power. The minority government remains dependent on the support of Greens MP Adam Bandt and two independents, Rob Oakeshott and Tony Windsor.

Gillard's decision to dump Thomson marked a sharp u-turn, after she had repeatedly insisted that he enjoyed her "full confidence."

During her press conference on Sunday, held after returning from a visit to Singapore and Turkey, the prime minister stated that she was also changing her position on Peter Slipper, the House of Representatives speaker who has stood down after being accused of sexual harassment and rorting of travel entitlements. The Labor government recruited Slipper, formerly a Liberal MP, as chair last November, in a sordid manoeuvre aimed at giving the government an extra vote on the parliament floor.

Gillard had previously maintained that Slipper could return as speaker so long as the criminal charges

relating to alleged misuse of taxi vouchers were cleared—even before the sexual harassment civil case was heard in the courts. But she has now declared he will only return as speaker in the event that the criminal and civil cases against him are both resolved.

The prime minister declared that with the allegations against Thomson and Slipper, she was concerned to maintain the reputation of parliament. The Australian people, Gillard stated, were "entitled to look at this parliament and see an institution that they can respect" but "at the moment, they see a dark cloud over it." Gillard was unable to provide any explanation for the timing of her change of heart on Slipper and Thomson. She declared that "a line has been crossed about respect for the parliament", but could not answer questions about what the "line" was, or when exactly it had been crossed.

In reality, the issue was not Thomson or Slipper crossing any lines, but rather the very shaky position of the minority Labor government and Gillard's own leadership. While she was in Turkey last week, Minister for Employment and Workplace Relations Bill Shorten pointedly deviated from the government's line on Slipper, declaring sexual harassment a very serious matter and suggesting that Slipper would soon announce that he would not return as speaker until the allegations were cleared. Shorten is regularly touted in the press as a possible leadership contender.

Just two months after defeating Kevin Rudd's challenge, Gillard's position as prime minister is again in question. The *Sydney Morning Herald's* Phillip Coorey today reported that the Labor Party's powerful New South Wales Right faction is deserting Gillard.

The media is rife with speculation over the possibility of Rudd returning as prime minister, or another rival mounting a leadership challenge. Dissatisfied government ministers are anonymously telling journalists they fear a federal electoral debacle similar to that suffered at the recent Queensland state election, in which Labor won just 7 of the parliament's 89 seats.

In today's Newspoll, Labor's primary vote slumped again to a low of just 27 percent, compared to 51 percent for the opposition Liberal-National coalition.

The collapse of support for Labor is a product of the regressive agenda that it is implementing on behalf of the corporate elite. The Gillard government is tasked with unleashing a social counter-revolution in Australia in line with the ruthless measures imposed in the US and Europe in the last period—slashing spending on welfare, health, education, social infrastructure, and driving down workers' wages and conditions.

Next week the government will unveil its annual budget. It is set to feature the most severe austerity measures seen in Australia for more than six decades. Economic consultant Macroeconomics last week estimated that there had been a further \$10 billion deterioration for the 2012-13 budget bottom-line in the past five months. If this is accurate, Treasurer Wayne Swan will have to find more than \$50 billion in cuts and savings to deliver the promised budget surplus. This is equivalent to nearly 3 percent of Australia's gross domestic product, an austerity budget comparable to some of those recently delivered in Europe.

The government has steadfastly refused to consider any alternative to sweeping spending cuts—rejecting the concerns of sections of the corporate elite that these measures will trigger a severe recession in the non-mining sectors of the economy. Gillard and Swan maintain that austerity is required to maintain Australia's AAA credit rating and retain the confidence of the International Monetary Fund and global financial markets.

The government's budget preparations are why there have been few calls from within the ruling elite for an early election, despite the chaos in parliament. There is

no confidence that opposition leader Tony Abbott would prove capable of delivering the demanded pro-business measures.

Corporate Australia is already dissatisfied with the performance of state Liberal governments in Victoria and New South Wales; *Business Spectator's* Alan Kohler today complained that “one of the biggest problems in Australia at the moment is that conservative governments are cruising into power without any policies over the demolished remnants of unpopular Labor governments, and then doing nothing once they get there.”

Rupert Murdoch sent a message via Twitter on Saturday: “Dramatic, slimy events in Australian politics. Country desperately needs election to get fresh start.”

This demand will likely be taken up by the Murdoch press and other sections of the media if Gillard fails to deliver as promised with the May 8 budget. For now, however, the central message is that the government must press ahead with its pro-business restructuring agenda and severe budget cutbacks.

The *Australian* today issued an editorial, “Gillard must lead while MPs labour over options”, declaring that “the way forward for Labor must be, as we have always argued, good policy”. It continued: “Next week's budget does provide an opportunity to reset. Ms Gillard and Wayne Swan must resist the temptation to lock in their base by playing to the politics of envy and hitting the rich.”

The Murdoch flagship publication again urged Gillard to follow the example of the previous Hawke-Keating governments, under which social inequality reached record levels through an unprecedented transfer of national income, from wages to corporate profits.



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