

Australian PM pledges further spending cuts as Rudd prepares challenge

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Prime Minister Julia Gillard yesterday promised to make whatever additional spending cuts were required to deliver a budget surplus this financial year. She intended the statement to shore up support for her leadership in big business and financial circles, amid obvious signs that elements within the Labor Party are preparing another attempt to oust her before the federal election due next year.

The government's last budget, issued in May, forecast a small \$1.5 billion surplus in 2012-13. The figures were based on blatantly unrealistic forecasts of strong growth in the world economy and ongoing rapid Chinese industrial expansion. Now a report by Deloitte Access Economics has indicated that slowing growth in China will see the mining boom peak in 2014, with additional spending cuts required to eliminate the deficit. Gillard responded to the report by bluntly declaring: "The budget will return to surplus."

Among the many regressive spending cuts already imposed by the minority government—which is propped up in parliament by the Greens and two rural independents—are 12,000 public service job cuts and the elimination of certain welfare benefits for single parents and the disabled. Even more draconian austerity cuts will be imposed in the next budget.

In Europe, the US and elsewhere, the ruling elite has responded to the worst global economic crisis since the 1930s by driving down the living standards of the working class and eliminating public spending on public healthcare, education, welfare and other social services and infrastructure. Gillard's proven commitment to advancing the same agenda in Australia is why she remains prime minister, in spite of the

enormous political crisis wracking her minority government. If Gillard were to deviate from the pro-business austerity and economic restructuring agenda, media and corporate circles would undoubtedly whip up a campaign either for her removal or for an early election.

Factions within the Labor and trade union bureaucracies are nevertheless canvassing alternatives, desperately seeking to avoid or at least minimise an electoral catastrophe at the next federal poll. Enormous hostility in the working class toward the government and its right-wing agenda has already reduced the Labor Party to a rump in the Queensland and New South Wales state parliaments. In last weekend's by-election, Labor barely clung on to the state seat of Melbourne, which the party has held for the past century.

Supporters of former Prime Minister Kevin Rudd are making preparations for another leadership challenge, despite the failure of the previous one last February. On July 16, the government's chief whip, Rudd supporter Joel Fitzgibbon, publicly declared that "no matter what political party you're talking about, if leaders remain unpopular long enough they will inevitably stop leading the party." After insisting that "I believe Julia Gillard's poll numbers will improve," Fitzgibbon refused to say what would happen if they did not.

This was an extraordinary threat from the chief whip, who is supposed to maintain discipline among Labor's parliamentarians and rally them behind the party leader. Fitzgibbon's remarks would normally be grounds for dismissal, but Gillard now has so little authority within the government that she was compelled to attempt to

ignore the issue.

The *Australian* reported last week that Rudd's backers had claimed there was widespread agreement within the government that Gillard had until mid-August, when parliament resumes sitting, to return Labor's primary vote in the opinion polls to 38 percent. The latest survey, published in the Murdoch press today, has Labor at a near-record low of 28 percent.

None of the factional manoeuvring within the Labor government has any principled basis whatsoever, and no policy issues are being discussed amid the daily wrangling for and against Gillard. Rudd's forces and other rival factions are every bit as hostile to the working class as Gillard and her backers. The only issue, as far as they are all concerned, is how to advance the demanded pro-business measures while somehow maintaining a degree of public support for the government.

The trade union bureaucracy is similarly intervening in defence of its considerable material privileges. Senior officials of several of the largest unions met last Tuesday and reportedly discussed the implications of ousting Gillard. The *Australian Financial Review* claimed that "the union chieftains who bullied Labor backbenchers into supporting Julia Gillard against Kevin Rudd in the leadership ballot in February, by threatening their preselections, are now beginning to edge away from her."

For all the media coverage of the political infighting within the Labor government, no commentary is making any reference to the geostrategic issues that underlay the June 2010 coup against Rudd. American diplomatic cables, published by WikiLeaks, confirmed that the US embassy and its network of "protected sources" within the Labor and trade union hierarchy were deeply involved in Gillard's installation. Rudd was primarily ousted because of his resistance to positioning Australian imperialism squarely behind the Obama administration's provocative drive to counter China's strategic influence in East Asia and the Pacific. If Gillard is removed before the next federal election, there is no question that it will occur only after Washington has given the green light and approved her

appointed successor.

Any leadership change would likely trigger an early election. The two independent parliamentarians in alliance with the minority government, Rob Oakeshott and Tony Windsor, have threatened to back a motion of no confidence and bring down the government if Gillard is removed.

The Greens too have thrown their support behind the prime minister, underscoring their critical role in facilitating the Labor government's right-wing agenda. Greens leader Christine Milne denounced Joel Fitzgibbon for his remarks about Gillard's unpopularity, declaring that "it is just another case of the boys in the backroom seriously undermining the good things that this government is able to deliver with the Greens." Last Saturday, Greens deputy leader Adam Bandt insisted that his party's deal with the minority government was "to run a full term of parliament with her [Gillard] as prime minister." He added that Labor and trade union powerbrokers must stop "white anting" Gillard.

The political wrangling is exacerbating concerns in corporate Australia that there is too little focus on its diktats for further severe spending cuts and "free market" economic reforms. The *Australian Financial Review* gave voice to these sentiments in its editorial last Friday, "Time to end this great political farce." It complained that Gillard had become "the leader of a weak minority government at a time when Australia needs strong leadership to steer it through a period of major structural change."



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