Australian Labor government crisis deepens as unofficial election campaign begins

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5 February 2013

Less than a week after announcing that the next Australian federal election would be held on September 14, Prime Minister Julia Gillard confronts an escalating crisis within the Labor government's ranks. The unprecedented seven-month campaign has begun with the arrest of a suspended Labor parliamentarian, the resignation of two senior government ministers, the publication of further polling pointing to a government electoral wipe-out, and mounting speculation of a renewed leadership challenge by former Prime Minister Kevin Rudd.

Craig Thomson was arrested last Thursday, the day after Gillard's National Press Club address announcing the election. He was charged with various instances of fraud relating to alleged misuse of Health Services Union (HSU) credit cards. Before entering parliament in 2007, Thomson was national secretary of the HSU. He denies the allegations, claiming to be the victim of a setup orchestrated by his enemies within the trade union bureaucracy. Thomson and his lawyers also accused the New South Wales police of improperly tipping off the media about his arrest, organising a strip search in custody, and making the charge sheet as long as possible by listing 150 separate counts, reportedly including fraud charges related to sums under $20. Many questions remain unanswered in the murky affair.

The arrest appears unlikely to alter Thomson's standing in parliament this year, and therefore the minority government's numbers in the House of Representatives. The opposition has nevertheless attempted to capitalise on the sleaze and corruption allegations from within the HSU as well as other similar issues, including the Australian Workers Union "slush fund" affair involving Gillard herself, when she worked as an industrial lawyer.

In New South Wales, the Independent Commission Against Corruption is holding ongoing hearings into the allegedly corrupt issuing of coal mining licences by the former NSW state Labor government. On Friday, Labor vice president Tony Sheldon, also head of the Transport Workers Union, delivered a speech warning that the party confronted a "catastrophic situation." He declared: "Our crisis is more than just a crisis of trust brought on by the corrupt behaviour of property scammers and lobbyists. It's a crisis of belief brought on by a lack of moral and political purpose."

In reality, the intimate relations that developed between the NSW Labor Party, Sydney property developers, and other sections of the corporate world merely reflect Labor's complete transformation into a hollowed-out bureaucratic instrument of big business and finance capital. Having long ago lost its social base in the working class, the Labor Party is despised among ordinary people around the country. Sheldon's absurd hand wringing about Labor's "moral purpose" reflects nothing but the mounting concerns within government circles that it confronts an electoral rout in its former strongholds in working class areas, especially in western Sydney.

On Saturday, the *Australian* published opinion polls showing the Labor Party's support at just 32 percent, compared to the Liberal-National coalition's 48 percent, a gap that, if replicated in the election, would see Labor reduced to a parliamentary rump.

The same day, Gillard announced that Attorney General Nicola Roxon and Labor's Senate leader Chris Evans were resigning from their cabinet positions and would quit parliament this year. Predictably, both cited "family reasons" for their resignations, but the timing was generally interpreted as a tacit vote of no confidence in Gillard's re-election bid from within the government's ranks. The media circulated rumours that several other senior ministers were considering resigning, including Defence Minister Stephen Smith, who reportedly probed the possibility of switching to state politics and taking over the leadership of the Labor Party in Western

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Gillard acknowledged that she had known of Roxon and Evans' intention to resign for several months. The timing of the announcement was driven by the prime minister's fear of another leadership challenge from her predecessor, Kevin Rudd.

"The usual time for retirements and replacements would have been in the last week of November, at the end of a parliamentary sitting year," the *Australian Financial Review* noted yesterday. "This would have given new ministers time to learn their new jobs over the summer, as occurred after a reshuffle in December 2011. But this is also the traditional time for leadership challenges and is known colloquially as the 'killing season'. The December 2011 reshuffle, which elevated key backers Bill Shorten and Mark Arbib, ultimately helped stoke the leadership tensions, which led to last year's showdown with Kevin Rudd."

Yesterday Gillard convened a caucus meeting ahead of the first parliamentary session of the year and demanded that her colleagues cease leaking damaging internal debates and differences to the media. Her statement was immediately leaked.

Just beneath the surface of the bitter personal rivalries within the Labor caucus are sharp political differences.

Rudd was removed in June 2010 by key Labor and trade union powerbrokers working in collaboration with the US embassy in Canberra. As revealed by diplomatic cables subsequently published by WikiLeaks, Washington had bitterly opposed Rudd's stance on China, which favoured some degree of accommodation of China by the US. This contradicted the Obama administration's confrontational "pivot" to East Asia, which is aimed at containing Beijing's military and strategic influence. Since taking over as prime minister, Gillard has unconditionally aligned Australia with the US campaign, including by stationing US Marines in Darwin and foreshadowing the basing of US drones on the Cocos Islands.

Last Wednesday, on the same day Gillard addressed the National Press Club, Foreign Policy magazine published an essay by Rudd, "A Maritime Balkans of the 21st Century? East Asia is a tinderbox on water." The article was a sharp warning about the potential for war in the region. "In security terms, the region is more brittle than at any time since the fall of Saigon in 1975," he stated, adding, "the intersection between the narrower interests of claimant states [in the South China Sea] and the broader strategic competition between the United States and China is significant and not automatically containable."

He concluded by warning that the eruption of World War I in 1914 ought to stand as a "cautionary tale very much worthy of reflection."

Liberal Party deputy leader and foreign policy spokesperson Julie Bishop accused Rudd of "an obvious effort to undermine the national security statement launched [at the beginning of the year] by Julia Gillard." The opposition is just as divided on this issue as the government, however, with former Liberal Party leader Malcolm Turnbull publicly questioning the strategic calculations behind Gillard's embrace of the "pivot."

These divisions reflect the intractable dilemma confronting the Australian ruling elite: its long-standing diplomatic and military ally, the US, is threatening to provoke a war with China, its most important economic partner.

The corporate elite is also increasingly frustrated that neither Gillard nor opposition leader Tony Abbott has committed to the level of austerity spending cuts and attacks on working class living standards being demanded by the banks and big business. The *Australian* 's editorial yesterday complained that while the prime minister's speech last week at the National Press Club pledged "deep structural budget cuts", the policy had been overshadowed by the election date announcement and "no details have been forthcoming" about precisely what cuts would be implemented.

The crisis wracking the two major parties stems from their inability to openly campaign on the deeply unpopular militarist and austerity policies to which they are both committed. Neither Labor nor Liberal can discuss the implications of the rapidly worsening global economic climate and sharpening geostrategic tensions that confront the Australian ruling elite. The vacuum has been filled by a series of concocted scandals, personality attacks, and other diversions, dominating official politics since the 2010 election and now continuing into the 2013 campaign.

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