

Leadership speculation surrounds Australian prime minister

James Cogan
23 February 2013

Barely three weeks after Prime Minister Julia Gillard announced the federal election would be held on September 14, the bitter factional in-fighting that pervades the minority Labor Party government is erupting to the surface. Journalists are being spoon-fed leaks and speculation by “unnamed” Labor sources that Gillard will face a leadership challenge, possibly as soon as March 12, when parliament resumes its current session.

Underlying the atmosphere of crisis surrounding Gillard and her leadership are the perplexity and divisions within the Australian ruling elite over how to respond to the downturn in a previously booming mining industry and the malaise across other sectors of the economy. Expectations on the part of dominant sections of the financial and corporate elite that mining exports, especially to China, would enable Australian capitalism to withstand the global slump are proving to be a short-lived fantasy.

The two largest mining conglomerates, BHP Billiton and Rio Tinto, have announced sharp falls in their profits and foreshadowed cost cutting across their operations in Australia and globally. Rio head Tom Albanese was unceremoniously fired on January 17 over massive losses suffered by projects in Africa and elsewhere. BHP head Marius Kloppers will “retire” in May, under pressure from major shareholders. Mining companies sacked some 10,000 workers in Australia during the final quarter of 2012, as they wound back production and investment.

Gillard and Treasurer Wayne Swan have been lambasted over revelations that their Minerals Resource Rent Tax—ostensibly a tax on the “super profits” of the mining companies—raised only \$126 million in its first six months, virtually ruling out any possibility that it will reap the projected \$2 billion over the full year. Job

cuts in manufacturing, transport, construction and retail continue to mount. This week alone, Telstra, the largest telecommunications company, and energy provider Origin announced more than 1,000 sackings. Plummeting tax revenue is predicted to plunge the May budget, which Swan had insisted would register a surplus, into at least a \$10 billion deficit.

The growing social distress affecting wide layers of the population, combined with media portrayals of the government as incompetent, contributed to an opinion poll result on Monday that showed a decline in Labor’s support to just 30 percent. If held now, an election would produce a landslide defeat for the government and victory for the opposition Liberal-National party coalition led by Tony Abbott.

There are concerns in ruling circles, however, that an Abbott-led government has yet to commit to the austerity program they are demanding.

The Greens party, which has propped up the minority government for over two years and suffered a fall in support as a result, has made a desperate bid to distance itself from Labor ahead of the election. In a populist-laced speech on Tuesday, Greens leader Christine Milne declared that Gillard and Swan were “lining up” with “billionaire miners” by refusing to modify the ineffectual mining tax. Therefore, the Greens considered their “agreement” with the Labor government had been breached. While Milne said the Greens would continue to support Labor in parliament, she declared they would be prepared to work with “whoever” wins the election, laying the groundwork for collaboration with a future Abbott government.

Several media pundits have seized on the opinion polls to urge Gillard to resign as the only way for Labor to revive its electoral fortunes. Graham Richardson, a minister in the Labor governments of the 1980s and

1990s, wrote in the *Australian* on February 22: “There must be times when she considers just what will happen to the Labor Party if she clings to the leadership ... There is a real chance that there won’t be much left of the modern Labor Party at the end of her reign.”

The main figure named by sections of the media as a potential challenger to Gillard is Kevin Rudd, the prime minister who was ousted in the overnight June 23-24, 2010 political coup inside the Labor Party.

At the time, media-manipulated opinion polls and Rudd’s management style were presented as the reasons for his removal. The real motives, however, were dissatisfaction within the corporate elite, particularly the mining conglomerates, over the Rudd government’s economic policies, and the Obama administration’s dissatisfaction with Rudd’s hesitation in giving unconditional support to a confrontational US stance against China. The coup was organised by Labor and union leaders with close ties to both the mining industry and the American embassy in Canberra.

The entire Labor Party collaborated with the anti-democratic ousting of Rudd and the refashioning of the government’s foreign and domestic policies. Under Gillard, economic policy rested squarely on expectations that the mining sector’s expansion would bolster growth. Her cabinet repudiated Rudd’s original plan for a “super-profits” tax and adopted a version written by the mining companies themselves. It ended the stimulus measures implemented by Rudd after the 2008 financial crisis, and made a commitment to produce a budget surplus, based on projections of large mining tax revenues. In foreign policy, Gillard aligned fully with Obama’s militarist “pivot” to Asia, opening up northern and western Australia as key staging bases for US military operations in the region.

Rudd, who failed in a bid to retake the Labor leadership one year ago, has repeatedly denied he will challenge again. Speculation has been fuelled, however, by constant leaks from his supporters to the media and his regular public political engagements. Earlier this month, Rudd implicitly condemned Gillard and Swan over the mining tax. He also used a recent *Foreign Affairs* essay and a speech to a big business audience last Sunday to resume his calls for the United States to accommodate to China’s political and economic influence and back away from confrontation.

How seriously a threat to Gillard by Rudd is taken

was displayed at the Australian Workers Union (AWU) conference this week. In a vitriolic denunciation aimed at the Rudd camp, AWU national secretary Paul Howes declared that those responsible for the “anonymous quotes from ‘senior Labor sources’ undermining our prime minister” were “gutless pricks.” Howes told Gillard earlier in the week that the union “had her back”—indicating that she would receive protection from the AWU faction in the Labor Party.

Bill Shorten, the AWU’s former head and now a senior cabinet minister, played a key role in organising the 2010 coup against Rudd, along with Howes. Shorten has repeatedly pledged his loyalty to Gillard, but is consistently touted as another likely Labor leader. In recent weeks, he has been urged by some media commentators to challenge Gillard.

The prime minister has responded by seeking to reassure the major corporations that Labor will, under her leadership, impose the burden of the slumping economy on the working class through ever-more savage cutbacks to government spending. Speaking to a teachers’ union conference yesterday, she declared that the billions of dollars allocated to a free-market restructuring of disability services and education would be financed via “correspondingly ambitious” cuts. “In times of financial stringency, when dollars are scarce, we save from where it is needed least and invest where it is needed most,” she declared. “Without fear, without favour.”

Gillard’s statement is a warning that the election campaign will become a vehicle for what major business figures have been demanding: a “bidding war” between Labor and the conservative parties over which will unleash the most draconian assault on the social services, wages and working conditions of the majority of the population.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact