

Australian government crisis deepens after leadership turmoil

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The minority Labor government remains mired in crisis following yesterday's abortive attempt by former prime minister Kevin Rudd's supporters to oust Prime Minister Julia Gillard.

Gillard has nevertheless declared that the latest leadership ballot of Labor parliamentarians—which Rudd did not contest after concluding that he lacked sufficient support—has confirmed her position once and for all and stabilised her government. In fact, she presides over a deeply divided party, with nearly half her colleagues, including cabinet ministers, having decided that she will lead the party to a shattering defeat in elections scheduled for September 14.

Since the ballot, the prime minister has moved rapidly to exert her authority within the party room, sacking arts minister and former Labor leader Simon Crean, who triggered the leadership spill, and securing the resignations of several key Rudd backers, including Tertiary Education Minister Chris Bowen, Resources Minister Martin Ferguson, Parliamentary Secretary Richard Marles, and parliamentary whips Joel Fitzgibbon, Ed Husic and Janelle Saffin.

At the same time she dismissed a threat by opposition leader Tony Abbott to move a motion of no confidence against the government when parliament resumes in six weeks. The independent parliamentarians propping up Gillard's minority Labor government have declared their continued loyalty to her, despite yesterday agreeing with an opposition move to debate a no confidence motion in the House of Representatives. For their part, the Greens have pledged unwavering support. Party leader Christine Milne declared that the government had delivered "a range of really positive outcomes", and complained that "the backroom boys in the Labor Party" were damaging Gillard's standing.

None of the political issues underlying the government's protracted crisis has been resolved.

The turmoil surrounding Gillard ever since she was installed as prime minister in mid-2010 after the late night axing of Rudd by a group of US-backed factional and trade union chiefs, reflects the profound crisis wracking the Labor Party.

Thirty years ago this month, the Hawke-Keating Labor government came to office, and over the next 13 years it worked with the trade unions to orchestrate a sweeping restructuring of the economy, privatising state-owned assets, deregulating the banks and finance sector, floating the national currency, slashing import tariffs, decimating "uncompetitive" sections of industry, and moving towards regressive "user pays" models of healthcare, education, and other public services.

The globalisation of production shattered the basis of Labor's old program of national economic regulation and limited social concessions to the working class. Like its labour and social democratic counterparts internationally, the Hawke-Keating governments raised the banner of "international competitiveness" as they drove down average wages, destroyed hundreds of thousands of jobs, eliminated workplace protections and plunged wide sections of the population into permanent financial insecurity.

Since the Keating government was ousted in a landslide electoral defeat in 1996, the Labor Party has only continued its evolution into an unalloyed and ruthless representative of the interests of finance capital.

The result is that the party is deeply despised within the working class, while the once powerful authority of the unions has been shattered. Union membership has plunged to just 18 percent of the workforce, and 13 percent of the private sector. The Labor Party no longer has any genuine social base. In the 1930s, when the population of Australia was around 7 million, Labor could boast 150,000 members. In November 2011, with a population in excess of 22 million, fewer than 12,000

people cast a ballot for the party's national presidency. A large proportion of these were elderly retirees.

Gillard sits atop a hollowed-out apparatus, filled with money grabbing careerists, their families and hangers on, that now confronts an escalating economic crisis and explosive geo-political rivalries throughout the region, particularly between the US and China.

These international issues, which lie at the centre of the Gillard-Rudd rivalry, remain the great unmentionables within the Australian media and political establishment. An effective D-notice has been placed over the contents of US diplomatic cables published by WikiLeaks, which revealed Washington's hostility towards the diplomatic initiatives promoted by Rudd, when he was prime minister, aimed at mediating between US and Chinese strategic interests in East Asia and the Pacific. The key Labor Party and trade union chiefs who installed Gillard, and who remained steadfastly loyal to her throughout yesterday's sordid events, were characterised in the cables as US embassy "protected sources". Immediately after the 2010 coup Gillard publicly declared her support for the US-Australia alliance, and has since lined up squarely behind the Obama administration's "pivot" to Asia, agreeing to transform Australia into a virtual military base for US troops, warships and drones in Washington's aggressive drive to encircle China.

Gillard also enacted a shift on domestic economic policy, winding up Rudd's stimulus spending measures, enacted at the height of the global economic crisis, and moving to implement the demands for austerity being issued by the financial markets. The minority government's restructuring measures, which have utilised the high Australian dollar to eliminate "uncompetitive" sections of manufacturing and direct more capital and labour resources to the booming mining sector, have created widespread social hardship throughout the working class.

The deep hatred felt by the vast majority of workers for the Gillard government is the direct product of Labor's right-wing, pro-capitalist policies. Since the eruption of the 2008 global crisis, more than 130,000 manufacturing jobs have been destroyed. The south-eastern states—the most populous in the country—are now in official recession, with job losses across all sectors rapidly accelerating. Around 40 percent of the total workforce are now employed as either casual, part-time or contract labour, or forced to endure other forms of insecure work. More than 20 percent of the population, 3.7 million people, struggle to survive under incomes below the

poverty line, defined as 60 percent of median income. Even for those with full time, relatively decent paid work, cost of living pressures are acute, especially for utilities, education, healthcare, childcare and housing.

The ruling elite is demanding much more. Media barons, top bankers and corporate executives alike are publicly insisting that Gillard step up this "restructuring" and austerity agenda. In her first major policy speech after becoming prime minister in 2010, she pledged to extend pro-market "reform" to those areas left "relatively untouched by the Hawke-Keating reforms". Now the ruling elite is insisting she delivers, with a renewed offensive against the social position of the working class, above all, the driving down of wages and living standards to levels "competitive" with Australian capitalism's cheap labour Asian rivals, and the slashing of public spending on welfare and social infrastructure and services. Gillard has responded by promising to make deep structural savings in the May budget.

The government is being tasked with implementing this agenda in the face of overwhelming opposition in the working class. Long gone are the political mechanisms that Hawke and Keating were able to mobilise when they first came to office 30 years ago—not least, active support within the working class and the collaboration of powerful trade unions that enjoyed the loyalty of millions.

The current political impasse is a crisis of the entire establishment. Over the past five years, official politics in Australia has been marked by an extraordinary series of sudden leadership coups, within both major parties, at both federal and state level. In the wake of the latest upheavals, a sense of general frustration, disorientation and perplexity pervades ruling circles. Yesterday, Murdoch's *Australian* attempted to pour cold water over the developing leadership challenge, insisting that Gillard could learn from her mistakes. Today the newspaper's editorial called for her to step down. But it offered no support to opposition leader Tony Abbott, because he, no more than Gillard, has demonstrated the capacity to implement the anti-working class agenda being demanded.



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