The political crisis in Australia

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The sudden reinstallation of Kevin Rudd as Australian prime minister and the removal of Julia Gillard, less than three months before a scheduled election, is an event without political precedent. Rudd's comeback has been courtesy of the same Labor Party operatives who suddenly removed him as prime minister and installed Gillard in the inner-party coup of June 2010.

The extraordinary political turmoil belies the international image of Australian capitalism, assiduously promoted by the political and media establishment, as a bastion of political and social stability. Labor, the party that has served as the lynchpin of the parliamentary set-up and two-party system for more than a century, on behalf of the Australian bourgeoisie, is now wracked by a terminal crisis.

Three years ago, the 2010 coup was engineered, behind the backs of the Australian people, as a means of orchestrating far reaching policy shifts, both foreign and domestic. The corporate elite were demanding the junking of the post-financial crisis stimulus spending measures that were associated with Rudd, and the implementation of austerity measures aimed at slashing the living standards of the working class. At the same time, Washington was determined to put an end to Rudd's diplomatic initiatives that were aimed at pressuring the US to cede some of its strategic influence in the Asia-Pacific to China. In Gillard, the Obama administration found a compliant instrument to realign Australia with its aggressive "pivot" to Asia, in order to encircle, and prepare for war against, China.

Three years later, the conflicts and crises that drove the coup have only intensified. Obama's pivot, then outlined as a strategy, is now a reality, involving a major US military build-up in the region and continued provocations against China that have inflamed dangerous flashpoints throughout the Asian region.

The world economic crisis has likewise accelerated, and is now finding far more direct expression in Australia. The China-driven mining export boom, which provided a certain buffer for Australian capitalism in the immediate aftermath of the global financial crash, is now over.

A *Bloomberg* article, published yesterday, compared the Australian economy to a collateralised debt obligation (CDO), one of the "toxic assets" that triggered the financial crash in 2008. "Australia is a leveraged time bomb waiting to blow," Albert Edwards, Société Générale SA's London-based global strategist, declared. "It is not just a CDO, but a CDO squared. All we have in Australia is, at its simplest, a credit bubble built upon a commodity boom dependent for its sustenance on an even greater credit bubble in China."

Already several Australian states are in official recession. Mass layoffs are accelerating across the economy. In the last twelve months, 18 mining and energy projects worth a total of $150 billion have been abandoned or deferred. The mining and construction downturn is threatening to burst the property and stock market bubbles, with the leading share index down by about 9 percent, or $135 billion, since mid-May. The Australian dollar is now plunging in value against other currencies, driving up the cost of fuel and other imported products upon which working people depend.

Rudd has been returned to office in anticipation of explosive social upheavals and a new period of class struggle.

The immediate aim has been to prevent the outright collapse of the Labor Party. Under Julia Gillard's leadership, the party was forecast to suffer an unparalleled defeat in the federal election later this year. So acute and widespread has been popular hostility towards Gillard, because of her role in the anti-democratic ousting of Rudd—a reaction that the coup

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plotters had utterly failed to anticipate—that Labor was on the verge of being reduced to a small and deeply divided parliamentary rump.

For the Australian corporate elite, the implosion of the Labor Party threatens to deprive it of its most critical mechanism for containing the class struggle and for preventing working class anger and hostility to its austerity agenda taking dangerous, extra-parliamentary forms. Gillard began the shift to austerity, entrenching a long term budget schedule of deep spending cuts, targeting single parents, the unemployed and other welfare recipients. But the ruling elite is demanding nothing less than a European-style social counter-revolution, with permanent, sweeping spending cuts to public education, healthcare, welfare, other basic services and social infrastructure.

Rudd is the only Labor politician who retains any degree of popular support—due solely to his status as victim of the anti-democratic coup. As a result, he is regarded by the corporate and financial elites as the only viable means of salvaging the careers of dozens of Labor politicians, preventing the collapse of the Labor Party, and of implementing their stepped-up offensive against the social position of the working class.

In his first speech after being reinstated, Rudd pointedly placed particular emphasis on the need for Labor to win back young people disgusted with the entire parliamentary setup. He is well aware that, beneath the surface appearance of social stability in Australia, class tensions are rapidly reaching breaking point. As in Egypt and Tunisia in 2011, and in Turkey and Brazil this year, mass unrest will erupt suddenly and in unanticipated forms. Rudd has been installed in a desperate attempt to channel the coming social explosions back within the parliamentary framework.

For Washington, the maintenance of the two party system in Australia is likewise of strategic importance. The US has invested considerable resources in the Labor Party over the past 70 years, ever since Labor prime minister John Curtin effected a strategic shift away from the British Empire and towards Washington in 1941. US embassy and CIA personnel have for decades cultivated a wide network of assets within the Labor Party and trade union bureaucracy. Notwithstanding Obama administration concerns about Rudd, it no doubt understands that Labor's collapse would leave the US-Australia alliance in unchartered waters.

In fact, some of the very same US "protected sources" within the Labor Party that orchestrated the coup in 2010 were behind Rudd's reinstatement this week.

Deep divisions nevertheless remain, both within the Labor Party and the opposition Liberal-National coalition. Rudd retains the backing of significant sections of the American foreign policy establishment that oppose Obama's "pivot" and are urging a more conciliatory approach towards Beijing. Former national security advisor Henry Kissinger is a prominent figure within this faction and, in recent years, has developed close ties with Rudd. The two had been due to speak today in Beijing at a government-sponsored foreign policy forum. Rudd also enjoys the confidence of those layers within the Australian ruling elite that have been alarmed by Obama's reckless and provocative stance towards China which, they fear, will disrupt Australian capitalism's crucial economic ties with Beijing.

The urgent task confronting workers and young people is to intervene into the situation in defence of their own independent class interests against war and militarism, austerity and the accelerating assault on democratic rights. This requires the building of a revolutionary party capable of developing the current simmering alienation and disgust with Labor and the entire parliamentary setup into a politically conscious movement directed against the capitalist profit system itself.

That party is the Socialist Equality Party, the Australian section of the International Committee of the Fourth International. We urge workers, students, and youth to contact the SEP and become actively involved in our 2013 federal election campaign.

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