

Australian PM Rudd announces new government line up

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Labor Prime Minister Kevin Rudd, who was suddenly returned to office last week after Julia Gillard was ousted, yesterday unveiled his minority government's new cabinet. The line up has served to underscore the fact that Rudd heads an administration of unprecedented crisis.

Labor parliamentarians, backed by powerful elements within the ruling elite, turned to Rudd because of fears that under Gillard's leadership the Labor Party was headed for an unprecedented electoral defeat, which would have undermined the entire two-party parliamentary set up. Rudd's return after three years, capitalising on his carefully cultivated public image as the martyr of the antidemocratic 2010 coup, has been promoted by the major media outlets with hurriedly prepared opinion polls, purportedly showing a near even split in public support for Labor and the opposition Liberal-National coalition.

Rudd presides over a bitterly divided party. None of the real political issues that lay behind the coup 2010 has been resolved. One of the major reasons that Gillard was installed was to unconditionally align Canberra with Washington's aggressive "pivot" against China. It was also to ensure that Labor would begin the implementation of a program of privatisation and of major cuts to the living standards of the working class. Three years on, the US encirclement of China is fuelling escalating geo-strategic tensions throughout the region, while the global economic crisis is finding expression within Australia in the form of a looming recession.

Senior cabinet ministers under Gillard including Craig Emerson, Simon Crean, Stephen Smith, Greg Combet, and Peter Garrett have announced they will quit politics at the forthcoming election. Former Treasurer Wayne Swan and other longstanding MPs, including Stephen Conroy and Joe Ludwig, will remain in parliament but have refused to serve on the front bench under the new prime minister. Rudd has retained a number of Gillard backers,

including some who had publicly denounced him. Gary Grey, for example, remains mining and energy minister, despite last week declaring that Rudd "can spread confusion, create torment, he can get himself into the media, but he can't govern".

Eight of the eleven new faces in the cabinet are Rudd loyalists, rewarded for their role in undermining Gillard over the last three years. The new appointments include Chris Bowen as the new treasurer, Joel Fitzgibbon as agriculture minister, Richard Marles as trade minister, Mark Butler as minister for climate change and the environment, Tony Burke as immigration minister, and Anthony Albanese as deputy prime minister and communications minister. Bill Shorten, the key factional powerbroker who played a central role in the 2010 coup and again in last week's developments, when he abandoned Gillard and switched back to Rudd, retains his industrial relations portfolio and has also been appointed education minister.

Since being reinstated as prime minister, Rudd's top priority has been to meet the demands of big business. In one of his first initiatives since appointing the new cabinet, he has scheduled a meeting for today with the leaders of the Business Council of Australia, a lobby group representing the largest 100 corporations in the country.

Yesterday, Rudd declared that Shorten would drive a "productivity agenda" and would work with business and the trade unions to develop it. The prime minister added that his government would end the days of "so-called class warfare"—a reference to complaints within corporate circles over Gillard and Swan's empty rhetoric about "sharing the benefits" of the mining boom and their criticisms of mining billionaires Gina Rinehart and Clive Palmer. Rudd's remarks were clearly coded messages directed to the corporate elite—he intends to spearhead a new restructuring agenda, with productivity rates to be

ratcheted higher by slashing workers' wages and conditions.

At the same time, Rudd indicated his determination to implement deeper austerity cuts than Labor imposed under Gillard. Unveiling the new cabinet, he referred to Penny Wong, who retains her position as finance minister, as the government's new "Dr No".

Rudd is yet to issue a single policy announcement. There is widespread media anticipation, however, that he will junk Gillard's carbon tax in favour of an emissions trading scheme (ETS) mechanism tied to the European ETS. This would see a plunge in the carbon price, benefitting sections of business tied to the fossil fuel industry. The end of the carbon tax would also upend the government's budget projections, creating a multi-billion dollar revenue shortfall and generating more pressure for equivalent cuts in spending on public health, education, welfare and basic social services.

Rudd is also expected to unveil new draconian measures targeting asylum seekers. He is travelling to Indonesia with Foreign Minister Bob Carr later this week to discuss a "regional solution" aimed at blocking refugees fleeing oppression from exercising their fundamental democratic right to claim asylum in Australia. Carr last week openly repudiated international legal conventions governing the treatment of refugees, falsely declaring that asylum seekers were actually "economic migrants" and that the already highly restrictive criteria for official refugee status needed to be revised to allow the deportation of these so-called "migrants".

Rudd decided to retain Carr as foreign minister, as part of what the prime minister has promoted as an unchanged "national security team". Stephen Smith remains defence minister, despite declaring his intention to resign from the parliament at the next election. At the same time, Shorten and other key powerbrokers who remain in his inner circle, function as US embassy informants and "assets".

The continuity in this area points to one of the key issues behind the 2010 coup and the bitter leadership rivalry between Rudd and Gillard. Rudd's removal from office three years ago occurred after the Obama administration opposed his foreign policy initiatives that aimed at securing a new balance of power in Asia, with the US allowing China a certain degree of strategic influence. Gillard, by contrast, enthusiastically aligned Canberra with the Obama administration's strategy, which was aimed at maintaining US imperialism's unchallenged dominance in the Asia-Pacific by diplomatically and militarily confronting Beijing. While

Washington likely gave the nod to Rudd's return to office, the Obama administration remains committed to keeping Australia as a key ally, and military staging post, in its drive to encircle China.

Rudd appears to be heeding the demands from Washington, at least for now. One of his closest supporters, Joel Fitzgibbon, who served as his defence minister between 2007 and June 2009, was forced to resign amid a murky affair, which has never been properly explained. It reportedly involved, however, Defence Department officials and the Defence Signals Directorate (equivalent of the US National Security Agency) conducting a covert investigation into the minister and his friendship with a Chinese-Australian businesswoman, who had ties to the Beijing government. The *World Socialist Web Site* noted at the time: "What is entirely credible is that a powerful layer of Defence Department bureaucrats and military commanders view themselves as self-appointed guardians of Australia's alignment with the United States and have decided that there will be no toleration of even the hint of Chinese influence over government decisions." (See "China relations behind Australian defence minister's downfall")

Rudd has appointed Fitzgibbon to the agriculture ministry rather than defence—since the latter may have caused frictions with Washington.

President Obama, during the final stages of his African tour, yesterday telephoned Rudd to congratulate him on resuming the position of prime minister. The low-key official communication, coming several days after the leadership change, was in sharp contrast to Washington's enthusiastic reaction to Gillard's installation in 2010. On the day she became prime minister, Gillard received a 20-minute phone call from Obama and afterwards held a meeting with the American ambassador, with the two posing for a photo opportunity in front of American and Australian flags.

Obama made a point of phoning Gillard as well, and "thanked her for her warm friendship and close partnership in deepening cooperation between the United States and Australia".



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