

Australian state premier's sudden resignation highlights political instability

Mike Head**21 January 2017**

Mike Baird, the Liberal-National Coalition premier of New South Wales, the country's largest state by population and economic size, abruptly announced on Thursday that he was quitting parliament next week, after less than three years in office.

His likely successor, state Treasurer Gladys Berejiklian, is set to become the seventh premier in just 12 years—none of whom lasted more than three years. Baird's sudden departure underscores the brittleness of the political establishment nationally, adding to a long list of state premiers and federal prime ministers who have suddenly left office over the past decade, often via electoral defeats or backroom coups.

Baird's resignation is another indication of the deepening political crisis produced by a deteriorating economic situation—both globally and in Australia—and the intensifying geo-strategic tensions, especially between the US and China. There is already widespread popular hostility to the entire political establishment after decades of austerity measures, cuts to jobs, wages and working conditions, and soaring social inequality.

Baird, a former investment banker, is getting out before the full deluge hits. He claimed to be resigning for family reasons, but sent a barbed message to Prime Minister Malcolm Turnbull, combined with a warning of a looming “cliff” in funding for health care.

Baird said his biggest regret was the Turnbull government's retreat on “tax reform.” In 2015, Baird, together with his South Australian Labor Party counterpart Jay Weatherill, advocated lifting the regressive federal goods and services tax (GST) rate from 10 percent to 15 percent.

Above all, this represented the demands of the financial elite for a further shifting of the taxation burden away from business and the wealthy, and onto the working class, via the consumption tax. At the same

time, the state premiers feared the public outrage they would incur when their governments had to further slash public health and education because the federal Coalition government, in its 2014 budget, cut \$80 billion from federal health and education funding over 10 years.

Baird and Weatherill argued for lifting the GST, the revenue from which is earmarked for the states and territories, as a means of offsetting the \$80 billion hole. The looming funding crunch became more stark as a result of last year's federal election campaign, during which the federal Labor Party dropped its show of opposition to the \$80 billion cut—\$25.5 billion of which will come from New South Wales hospitals and schools.

However, after Turnbull ousted Tony Abbott as prime minister in September 2015, Turnbull eventually backed away from lifting the GST, fearing public opposition to the resulting hike in the cost of living.

The *Australian Financial Review* editorial yesterday accused the Turnbull government of leaving Baird “hanging out to dry” on the GST, and declared: “We need more Mike Bairds.”

In a thinly-veiled swipe at Turnbull on Thursday, Baird said: “I think there was a big opportunity there to do something very significant in terms of the competitiveness of the economy and the sustainability of funding services in the long term, and that's something I'm disappointed [about].”

Baird was already facing mounting public opposition to his government. It imposed the dictates of finance capital, especially by privatising the state's electricity network, major ports and other facilities. This sell-off has delivered a bonanza to banks, finance houses and corporate consultants, and boosted the state's coffers to pay for pro-corporate infrastructure, at the expense of

thousands of jobs of power and public sector workers.

Baird's government also forcibly amalgamated many municipal councils last year, destroying more jobs, as a means of cost-cutting and removing constraints on property developers. Then it announced the privatisation of five large hospitals in regional areas, threatening further jobs and essential services.

As a means of cleaning up the state's image for investors, the Coalition imposed late-night "lockout" laws in Kings Cross, Sydney's nightclub precinct, and legislated to ban greyhound racing throughout the state. To suppress dissent, the Baird government passed draconian anti-protest laws that reverse a range of fundamental democratic rights.

Only last year, Baird was still being touted in the media as Australia's most popular and successful political leader, precisely because of his delivery of the corporate agenda. He was declared "charismatic" and dubbed "Magic Mike." But the seething discontent in working class and rural areas erupted to the surface last November in a by-election for the electorate of Orange, a regional city.

In an unprecedented 34 percent swing against the government, the seat, held for seven decades by the rural-based National Party, fell to the Shooters, Fishers and Farmers Party, a right-wing populist formation that calls for economic protectionist measures.

This electoral disaster forced Police Minister Troy Grant to resign as National Party leader and deputy premier. It also raised fears throughout the political establishment of the rise of the anti-immigrant Pauline Hanson's One Nation and other populist outfits seeking to emulate US President Donald Trump in exploiting the growing social discontent.

Apart from more than \$20 billion raised via privatisations, the Baird government's revenues were enhanced by tax revenues derived from a debt-fuelled property bubble that has driven housing prices sky-high in Sydney, the country's primary financial centre. Baird's hasty departure came amid signs of an impending implosion of this boom.

Baird was installed as premier in 2014, when his predecessor, Barry O'Farrell, was forced to resign, supposedly for misleading a corruption inquiry about receiving a bottle of wine. Despite axing some 25,000 public sector jobs since taking office in 2011, O'Farrell was increasingly criticised by the media for not going

far enough in cutting social spending and implementing the free market agenda required by the financial elites.

The Murdoch-owned *Daily Telegraph* had demanded that the state government "stop dithering" and privatise the remainder of the state's electricity system, Baird quickly took up this call, and still managed to retain office at the next election, in 2015, despite losing at least 16 seats in the 93-seat lower house of parliament.

Both Baird and O'Farrell were beneficiaries of the landslide defeat of the previous Labor government in 2011. After 16 years in office, Labor's vote plunged to just 25.5 percent, as a result of the disgust in the working class generated by Labor's own pro-business record, which included numerous moves to sell-off the electricity infrastructure, and a string of corruption scandals. It recovered to just 34.4 percent in 2015.

Underlining the essential unity between the two traditional ruling parties, former state Labor premier Bob Carr on Thursday praised Baird's record, saying he should be congratulated for privatising the electricity assets—a policy that Carr had unsuccessfully sought to implement. Carr, who held office from 1995 to 2005, said: "Barry O'Farrell hesitated over that decision: Mike Baird to his credit made the decision and got on with it."

Likewise, the current state Labor Party leader Luke Foley, who had claimed to oppose the power sell-off, thanked Baird for his "service" to the state. Baird's rapid exit is another indication of the political convulsions to come.



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