

Australian PM seeks desperate cabinet reshuffle amid growing political discontent

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Prime Minister Anthony Albanese is set to announce tomorrow his first reshuffle of ministers since his Labor Party government scraped into office in May 2022.

Having previously boasted of his government's stability, Albanese's rearrangement of ministerial posts is an anxious bid to put a fresh face on the government. It faces deepening working-class disaffection, particularly over the still-soaring cost of living and the government's backing for the Israeli genocide in Gaza.

The latest media poll, the Freshwater Strategy poll published this week in the *Australian Financial Review*, showed that Labor's primary voting support has fallen to 31 percent, nearly 2 percentage points below its vote in the 2022 election. In fact, it could lose the next election, due by May, despite widespread hostility to the openly right-wing Liberal-National Coalition led by Peter Dutton.

At the same time, Albanese and his ministers are seeking to satisfy the demands of the financial elite for harsher cuts to social spending, and workers' jobs, wages and conditions, amid signs of deepening economic crisis.

The reshuffle was foreshadowed this week by the orchestrated retirement, with immediate effect, of two cabinet members—Indigenous Australians Minister Linda Burney and Skills and Training Minister Brendan O'Connor—creating two vacancies to fill.

For all the words of praise heaped on the departing pair by Albanese and the corporate media, their resignations are indicative of the government's unravelling.

Burney, along with Albanese himself, was the chief advocate of last year's failed constitutional referendum to install an indigenous Voice assembly in the heart of the federal government apparatus. In announcing her resignation, she described the Voice result as "disappointing."

That defeat was a severe blow to the government. Albanese had banked heavily on using the proposal to put a progressive gloss on Labor's program of pro-US militarism and attacks on the social conditions of the working-class, indigenous and non-indigenous alike.

The plan was strongly rejected in working-class electorates, mainly because no one believed that elevating an indigenous elite into the corridors of power would alleviate the appalling conditions of many indigenous people.

According to political columnist Michelle Grattan: "The referendum left the government dispirited and with a vacuum, and Burney exhausted."

O'Connor has been in charge of job training and creation, but unemployment is rising. By the government's own predictions, the official jobless rate will rise from 4.1 percent to 4.5 percent by next year—meaning the loss of tens of thousands of jobs.

Because of a worsening recession in per person terms that is likely to be an understatement. The ANZ Bank is now warning that the rate could hit 5 percent by 2025.

Immediately overshadowing the government is the possibility that quarterly consumer price index (CPI) figures due out on Wednesday will confirm a resurgence of inflation, back over 4 percent a year. That could propel the Reserve Bank of Australia (RBA) board to raise its key interest rate from 4.35 percent to 4.6 percent when it meets on August 6.

RBA governor Michele Bullock declared last week that Australia had not seen the same progress on inflation as supposedly made overseas. That led the financial markets to price in a one-in-four chance that the board will inflict the further rate rise—which would be its 14th since May 2022.

Such a rise would intensify the financial stress being experienced by millions of mortgage-bound households, especially in over-stretched working-class families. The CPI severely understates the impact of petrol prices, insurance, mortgage repayments and rents on workers.

After the RBA board's last meeting in June, Bullock warned that it would do "what is necessary" to bring the CPI below 3 percent. This target, backed entirely by the Labor government, is intended to further drive down workers' real wages by pushing up unemployment.

Another RBA rate rise would be a further hit to the government's claims to be tackling the cost-of-living crisis

via token power bill rebates and “Stage Three” income tax cuts that overwhelmingly benefit the highest-income households.

Mounting economic and social discontent was reflected, in a pale and distorted manner, in last week’s *Australian Financial Review*/Freshwater Strategy poll. It reported that 56 percent of respondents thought the country was headed in the wrong direction, and 50 percent said the economy would worsen over the coming year.

Beyond the immediate cost-of-living crisis, Australian capitalism’s future prospects are deteriorating because of the slump worldwide and particularly in China, Australia’s biggest export market by far.

One measure of that is the price of iron ore, Australia’s most lucrative export for the past three decades. Last week it fell to below \$US100 a tonne, about half its level since 2020, largely because of falling Chinese demand for steel.

China’s economic problems began escalating last year when its property market collapsed, but the slowdown is being intensified by punitive US tariffs and other economic warfare measures, begun under Trump and increased under Biden. China’s economy grew by just 4.7 percent annually from April to June, less than half its growth rate a decade ago.

Apart from slashing the share prices of the large iron ore producers—BHP, Rio Tinto and Fortescue—by up to 28 percent since the start of 2024, the iron ore crash will sharply affect federal and state government revenues. Every \$US10 a tonne drop in the iron ore price translates to an approximate \$A500 million cut in the federal tax take alone.

That will mean further cuts to government social spending, while Labor and the entire political establishment remains committed to hundreds of billions of dollars in military spending to prepare for a US-led war against China.

Albanese has yet to set a date for the next election, but the worsening economic situation and the intensifying social and political disaffection may push him into an early election in the hope of surviving, even as a minority government depending on the support of the Greens and independents.

The ruling class is demanding a more draconian agenda. An editorial today in the Murdoch media’s *Australian* declared that “a reshuffle of cabinet responsibilities” would not suffice. Albanese had to use the reshuffle to demonstrate that he would cut public spending to build “a more agile and productive economy.”

That is code for a greater offensive against workers’ jobs and wages, under conditions where the Organisation for Economic Co-operation and Development (OECD) recently reported that real wages in Australia are still 4.8 percent lower than they were in 2019. This is an historic cut to working-class living conditions.

Among the shifts being demanded by the Murdoch and other corporate media outlets is more draconian measures against immigrants, who are being made scapegoats to divert the social unrest in a reactionary nationalist direction. The relevant ministers tipped to be shunted aside include Home Affairs Minister Clare O’Neil and Immigration Minister Andrew Giles, despite all their efforts to demonise ex-immigration detainees.

None of the media polls measure the widespread hostility to the government over its continuing commitment to the US-armed Israeli genocide in Gaza and the wider US war drive against Russia in Ukraine and against China, which Washington has identified as the chief threat to US global dominance.

In recent days, Albanese and Foreign Minister Penny Wong have tried to deceitfully pretend empathy for the Palestinians being massacred in Gaza and the other Occupied Palestinian Territories. They have announced token sanctions against a small number of Israeli settlers and joined their Canadian and New Zealand counterparts in saying a ceasefire is “desperately needed” in Gaza.

None of these empty manoeuvres can erase the record. The Albanese government will forever stand condemned, along with the US and European imperialist powers, for its complicity in the historic crime in Gaza, in which 186,000 Palestinians have already been killed, according to estimates published by the *Lancet*, a prestigious medical journal.

This political crisis will only intensify as the Labor government and its trade union partners ramp up their efforts to impose the growing burden of the bipartisan agenda of war and austerity onto the backs of workers and young people.

This underscores the necessity to build the Socialist Equality Party (SEP) to provide the revolutionary socialist alternative. We urge all our readers to use the form below to sign up as electoral members of the SEP so that our party’s name will be on the ballot for the coming federal election.



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