

Australian budget targets social welfare to pay for war

Nick Beams**16 May 2002**

After running a scare campaign against asylum seekers in the lead-up to last November's election, joining the US-led assault on Afghanistan and unleashing some of the most serious attacks on democratic rights seen in more than 50 years, the Howard government intends to make the poorest sections of the population pay for its policies. That is the aim of the 2002-03 budget brought down by Treasurer Peter Costello on Tuesday night.

Costello's budget speech was almost a reprise of Howard's election speech of seven months ago, replete with numerous references to "security", anti-terror preparedness, "border protection" and a "safe" Australia. On this occasion, the references were backed up with cash—billions of additional dollars in expenditure on war, police and intelligence, and further attacks on refugees and asylum seekers. But not a single word on education, let alone additional resources, nor a dollar to relieve the mounting crisis in the public hospital system.

The government has allocated almost \$1 billion in extra defence spending, on top of the money already pledged under its 10-year defence plan. Expenditure on the war in Afghanistan will increase by a further \$198 million, in addition to the \$330 million announced after the election. One of the biggest items is \$420 million to set up a second Defence Force Tactical Assault Group on the eastern seaboard, replicating the one that already exists in Western Australia.

The government will allocate a total of \$1.3 billion over five years for police, anti-terrorism squads and security intelligence services. A special Australian Federal Police "strike team" of more than 200 agents will be trained to deal with what Costello termed "terrorism and politically-motivated violence."

Costello's remarks have some significance, given that government leaders frequently denounce protests and demonstrations as "politically-motivated violence." Furthermore, as recent Senate hearings on the government's proposed anti-terrorism legislation revealed, demonstrations, such as the one which took place last Easter in support of refugees at the Woomera Detention Centre, and which led to the escape of a number of detainees, could well be defined as "terrorism" under the new laws.

The other big expense item is so-called "border protection"—the government's euphemism for repressive measures against refugees. As in the election campaign, Costello's speech bracketed together asylum seekers with remarks on terrorism and war spending, as if defenceless refugees constituted some kind of threat to security.

Spending on "border protection" will cost an additional \$1.1 billion over the next five years, including the \$219 million for the construction of a new detention centre on Christmas Island, off the north-west coast of Australia. Costello indicated that another centre may also be established on Cocos Island.

While boosting spending for the armed forces, the police and refugee detention centres, the budget initiated a major attack on some of the most vulnerable social welfare recipients—disability pensioners.

From July next year, the disability pension will only be available to those who are unable to work 15 hours a week, as opposed to the present level of 30 hours. New pension applicants who cannot meet the new criterion will be pushed into Newstart, the unemployment program, where their allowance will be \$26 per week less.

Those already receiving the disability pension will be reassessed over the next five years. If forced on to Newstart they will not only suffer a cut in income, but also lose the concession card that entitles them to discounts on gas, electricity and public transport charges. Furthermore, as part of so-called "mutual obligation" requirements under Newstart, they could be required to look for up to 10 jobs per fortnight or risk having their benefit cut.

Of the 650,000 people presently receiving the disability pension, it is estimated that around 150,000 will be moved onto Newstart, reducing expenditure by some \$336 million over a four-year period.

Just as the government, in collaboration with sections of the mass media, has sought to justify its "border protection" program by vilifying asylum seekers and their families as "illegals", "queue jumpers" and even potential "terrorists", the new system will be accompanied by a witch-hunt against disability pension recipients. The campaign has already started. According to Costello, the changes would not affect the blind, as many anticipated, but those supposedly faking "bad backs."

Thus, the target of the campaign will be former industrial workers who, after a lifetime of physical labour, have been forced into retirement. In the words of one welfare rights advocate, the system is full of workers who have spent their lives as "factory fodder" and who are now paying the price in the form of long-term injury. The majority of those receiving the pension are men over the age of 45 suffering from muscular and skeletal disorders, most often resulting in severe back pain. People suffering psychiatric disorders, such as schizophrenia, who make up 23 percent of recipients, are also likely to be affected.

In the upside down world of "spin" doctoring and media management, the attack on pension recipients is being presented as a benefit. Thus, according to Family and Community Services Minister Amanda Vanstone, "the cruellest thing" that could be done would be to "ignore the abilities that people have to contribute to the community or the workforce"—brushing aside the fact that the majority of pension recipients have injured themselves while spending the most productive portion of their lives creating profits for employers and paying taxes.

Costello adopted the same tactic in his budget speech. “We want to encourage those who are capable of work,” he said, “including part-time work ... to get back into the workforce.” As one commentator put it: what employer is going to offer a job to a 55-year-old asthmatic man with arthritis?

Even before the new measures take effect, there is ample evidence of the kind of tragedies they will produce. Last month, a deaf, mentally-ill woman tried to commit suicide after her disability pension was cancelled, leaving her with no income. Her pension was stopped after she started working 12 hours a week at an art gallery. Told she had to transfer to Newstart and sign a “mutual obligation agreement,” the woman became confused, refused to sign and her income was cut off. It was only reinstated after her suicide attempt.

Another case involved a man who had both legs blown off in the Vietnam War. He applied for a disability support pension because failing health meant he could no longer keep the job he had held for the previous two years. Authorities told him he had to claim the unemployment benefit. He was left without income for five weeks before his pension application was eventually approved.

The pharmaceutical benefits scheme, under which expensive prescription drugs are provided at a subsidised, fixed rate, has also been targeted. The cost of a prescription will rise by 30 percent—\$6.20 per script to \$28.60—with an increase for concessional health card holders of \$1 to \$4.60.

This is expected to save the government \$1.1 billion over the next four years. In addition, a so-called crackdown on prescriptions—restricting doctors’ ability to prescribe the drugs they consider necessary—is budgeted to cut expenditure by \$349 million over four years.

The only significant social welfare initiative was the “baby bonus” promised as part of last year’s election campaign. But rather than assisting working mothers and their families, it has been structured to assist those on the highest incomes. Under the scheme, women who have a child will be entitled to a tax rebate of up to \$2,500 for the next five years. But only around 5 percent of women in the workforce—those on the highest incomes—will be able to claim this amount. The majority of lower paid women—those whose incomes are most needed to supplement the family budget—will receive only \$500.

As well as its standard ploy of vilification, the government has sought to buttress its attack on social welfare with the production of what it calls an Intergenerational Report. This purports to show that with the ageing of the population, due to the decline in the birth rate and increased longevity, drastic changes must be made over the next four decades. The report predicts an \$87 billion deficit [in current value terms] in 40 years time—an amount equivalent to 5 percent of gross domestic product. While problems will only begin to emerge in 10 years or so, the government insists it is necessary prepare now.

Supported by commentators from various economic think tanks, the government presents the potential crisis in long-term financing as a crude alternative: either social welfare spending must be cut and the system “restructured” or taxes must be significantly increased.

A whole number of questions are simply avoided: for example, why has the birth rate fallen? Why not tackle the crisis by increasing migration? This raises other issues, such as why, after 10 years of supposed continuous economic growth, is the jobless rate still above 6 percent, and not expected to decline significantly in the foreseeable future? Why, of the 900,000 jobs supposedly “created” in the six years of the present government, are the vast majority part-time, paying below average wages?

Delving more deeply raises even further questions, such as why, with the vast increases in the productivity of labour brought about by new technologies, are social welfare provisions to ensure a decent life for the disabled and the elderly being cut back, rather than expanded?

To canvass any of these issues would invariably raise the possibility that, rather than being the result of a seemingly natural phenomenon—the ageing of the population—the roots of the potential crisis are really to be found in the functioning of the capitalist economy.

Politically, one of the most significant features of the budget discussion has been the reaction of the Labor Party. On budget night the harshest criticism Labor shadow treasurer Bob McMullan could muster was that with a \$1.2 billion budget deficit for the 2001-2002 financial year, the government had “blown” the surplus. The deficit, Mc Mullen insisted, caused by commitments made during last year’s election campaign, would create pressure for higher interest rates.

Shadow finance minister Stephen Conroy’s response was even more feeble. Questioned on ABC television about Labor’s attitude to the budget, he repeated several times that the party was having a “policy review” in two weeks time, so he was unable to give any definitive answer. Conroy did, however, venture that Labor was “leaning towards” opposing the changes to the pharmaceutical benefits scheme.

After hearing the public reaction to the hikes in prescription charges and disability pension attack, Labor leader Simon Crean announced the following day that his party would oppose the two measures in the Senate. “They’ve often feigned and pretended in the past,” Howard commented.

That night, McMullan opened the door to negotiations, saying that Labor would look at any government proposal on its merits. On all the substantive issues—the war against Afghanistan, increased military spending, the beefing up of the federal police, the attacks on refugees and asylum seekers under the “border protection” policy—the Labor party openly supports the government. And its overriding commitment to a budget surplus means that Labor will endorse cuts in spending.



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