

# Australian Labor government unveils historic welfare-cutting plan

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In the midst of the political turmoil surrounding the carbon emissions trading scheme and the Liberal Party leadership, the Rudd Labor government has quietly introduced legislation that lays the basis for dismantling the welfare system that has developed since World War II.

Facing a \$57 billion budget deficit after bailing out the banks and big business to avoid a financial meltdown, the Rudd government is now moving to deliver one of the central items on its agenda since the 2007 election campaign—the slashing of welfare spending.

The measures announced in parliament on November 25 establish the framework to replace welfare payments with a system of food stamp-style vouchers, only to be spent on what the government deems to be “essential items”.

Young people, the long-term unemployed and sole parents will be specifically targeted. The initial measures involve “quarantining” 50 percent of regular welfare payments and 100 percent of lump sum payments such as the baby bonus. Recipients can only access the sequestered amounts via the use of a “Basics Card”—an electronic debit card authorised for use in specifically licensed stores and businesses.

In this way, the nearly 1.5 million people unable to work or to find jobs will be transformed overnight into second-class citizens, institutionally stigmatised for being victims of the economic crisis.

The purpose of the “Basics Card” is to coerce the jobless into cheap labour and reduce the welfare bill—something big business has been demanding for years. Since it came to office two years ago, the Rudd government has deliberately kept youth allowances and unemployment benefits at below poverty-line levels—as little as \$102 a week for teenagers and \$228 a week for single adults.

On November 27, Rupert Murdoch’s *Australian* reminded Rudd that he only won office with the backing of the corporate elite: “Kevin Rudd enhanced his economic credentials at

Labor’s policy launch two years ago when he promised to under-spend the Howard government’s ‘reckless campaign promises’. After weathering the global financial crisis by spending billions of dollars ... it’s now time to make good on his pledge that ‘reckless spending must stop’.”

The editorial praised a National Press Club speech by Finance Minister Lindsay Tanner, foreshadowing a succession of austerity budgets to restore financial surpluses. The newspaper insisted that “there is no choice but to put a squeeze on the ‘handout society,’ ushering in a return to more austere times when households saved and welfare was reserved for the genuinely needy”.

In parliament on November 25, Rudd’s community services and indigenous affairs minister, Jenny Macklin, presented her “landmark reforms” as an extension of measures first imposed on indigenous communities in the previous Howard government’s 2007 police-military intervention into the Northern Territory (NT).

While Macklin has claimed the intervention’s “welfare quarantining” a “success”, that should be extended across the country, in reality it has resulted in a deterioration in the social position of Aboriginal communities: child malnutrition has worsened, as have substance abuse and suicide rates.

The Rudd government’s welfare announcement once again underscores one of the key motivations behind the 2007 intervention—which received bipartisan support from the Labor Party at the time—to establish a blueprint for a nationwide assault on welfare.

In a statement on the intervention on June 23, 2007, the Socialist Equality Party warned: “The government’s turn—with full bipartisan support—to punitive police-state measures against the most disadvantaged layers of the Australian population has far-reaching implications for the lives, social conditions and basic democratic rights of all working people. During his media conference, Howard revealed that federal cabinet is drawing up similar measures for all welfare recipients. Precedents are being

established, using the most vulnerable members of society, that will be extended throughout the country.”

Under Rudd Labor’s measures, welfare quarantining will apply across the entire NT population from July 2010 for a two-year trial. Other partial trials already underway against non-indigenous people in Queensland and Western Australia will continue in order to fine-tune the shape of the national rollout after 2012.

Initially, those subjected to income management will be people aged 15 to 24 who have received youth or parenting allowances for more than three months; people over 25 who have been on unemployment or parenting payments for more than 12 months; anyone referred by child protection authorities; and those assessed by government social workers as being vulnerable to “financial crisis, domestic violence or economic abuse”.

While welfare has come under sustained attack during the past quarter century, these new measures mark a qualitative shift.

Unemployment benefits were first established after World War II to head off militant struggles among working people demanding no return to the poverty and mass unemployment of the 1930s. In 1973, facing a major upsurge of political, economic and social struggles by workers and young people, the Whitlam Labor government initiated youth and sole parent benefits.

During the global recession of the 1980s, the Hawke Labor government abolished unemployment benefits for under-18s, and, in the 1990s, the Keating government forced youth into low-paid “training” positions. From 1996, the Howard Liberal government imposed “work-for-the-dole”, under the rhetoric of “mutual obligation”. This effectively forced the unemployed to work without pay, supposedly in return for work experience.

After its initial measures, the Howard government came under mounting business criticism for failing to go further. That Rudd’s new measures are being spearheaded by Macklin, a leader of one of Labor’s so-called “left” factions, underscores the extent of Labor’s transformation into the party of big business and finance capital.

Macklin claimed that the scheme would “foster individual responsibility” and provide incentives for “responsible parenting” and “personal initiative through participation in education or training”. These are code words for an increasingly authoritarian regime, designed to give the unemployed no choice but to accept jobs with substandard pay and conditions. Every one of Rudd’s predecessors likewise

claimed their programs were motivated by the desire to assist the jobless and encourage social “participation”.

Macklin’s announcement won telling praise in an *Australian* editorial, which commented that she was proving “more adept at welfare reform” than her forebears. In a particularly cynical manoeuvre, Macklin presented the scheme as the fulfillment of Labor’s election pledge to reinstate the Racial Discrimination Act, which had been suspended in relation to the NT intervention. Rather than ceasing its discriminatory attacks on the Aboriginal population, the Rudd government has decided to extend them to all welfare recipients!

Macklin told parliament that income management had “delivered discernable benefits” to indigenous people in the NT, particularly children, women, older people and families. A report released on her own department’s web site in October, however, showed that social conditions had worsened despite more than 15,000 people being “income-managed,” and over \$200 million transferred to Basics Cards for use in 85 licensed stores.

In May, Rudd Labor announced the abolition of youth allowances for all 16-to-20-year-olds unless they remain at school, enrol in an accredited training program or have a Year 12 school certificate. With the teenage full-time jobless rate close to 25 percent, about 60 percent of teenage and young adult workers have already been pushed into low-paid casual work—one of the highest rates in the world.

A speech last week by Treasury Secretary Ken Henry foreshadowed further measures, targeting the growing numbers of workers on disability support pensions. Henry, who is about to hand down a report on taxation and welfare, said the present system failed to adequately motivate disabled people to return to work.

It will not be long before the disabled will join the youth, unemployed and sole parents as victims of Rudd Labor’s dismantling of welfare.



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