

# Australian election takes place in a ‘parallel universe’

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As the Australian federal election campaign enters its second week, the major political parties and corporate media, followed obediently by the Greens and “ex-left” groups, have already sharply narrowed the terms of permissible debate. As usual, the issues most critical to the working class—including chronic underemployment and the lack of basic services—are off the list for the August 21 poll. So is discussion of planned austerity measures. The campaign’s most notable feature is the pretence that beyond Australian shores nothing at all exists. Australian “exceptionalism”—the notion that Australia is separate from and unaffected by global processes, especially economic ones—is reaching dizzy heights.

In order to maintain this fiction, the political establishment and the country’s media oligopoly (heavily dominated by Rupert Murdoch’s News Corporation) shirk all but the most unavoidable reference to real economic conditions in and between the major economies. That unwritten ‘code of practice’ is being observed even more studiously during the current campaign, a spectacle so wretched and insulting that campaign trail trivia is elevated to news.

For instance, the Shadow Treasurer, Joe Hockey’s inane and tasteless one-liner about Paris Hilton during a press conference last week became a key national discussion item for that day. As journalist Michael Gawenda observed, “We are at the start of an election in which Australia is gripped by a sort of insular unreality....Not long before Joe Hockey inserted Paris Hilton into the election campaign, British Prime Minister David Cameron delivered a major speech on what he called the Big Society. That speech was inevitable given that Cameron had announced budget cuts of 20 to 30 percent. Meanwhile...the United States is mired in deep economic malaise. More than a third of

Americans are either unemployed or have a family member who is out of work.” Needless to say, Cameron’s speech and the cuts that underpin it did not rate a mention in official Australian political circles because they are a warning of what is to come everywhere. The US occupies a prime position in Australian cultural and political life, but as far as the media and politicians are concerned, the social crisis and deepening recession in the US, and above all their impact on the working class, might as well not be happening at all.

During Sunday night’s hour-long televised “Leader’s Debate”, the only one of the campaign, neither Prime Minister Julia Gillard nor opposition leader Tony Abbott made any specific reference to global economic or political events—not to the European banking crisis, nor the worsening US recession, nor slowing Chinese growth, nor to the increasingly widespread warnings that the global economy is entering a prolonged stagnation. Both leaders referred only in passing to vague and unidentified “troubles” that Australia might again need to weather, apparently in the manner of a sturdy ship buffeted by storms.

And the media has dutifully played its part. The day after the debate, the Australian Treasury released its Pre-Election Economic and Fiscal Outlook (PEFO). But apart from being reported in the financial press, it received little coverage. The contents of report make clear why.

The PEFO noted that there are “substantial downside risks to the global outlook, including the European sovereign debt crisis, uncertainty over whether the US recovery will gain traction, the challenge in China of addressing overheating and the difficulty across the advanced economies in managing fiscal consolidation in a fragile global environment.”

As the *Australian Financial Review's* correspondent Laura Tingle noted: "These are not things our leaders on either side of the political divide appear comfortable, or confident, talking about."

In fact, the Labor government's economic projections have been based on a fiction—that the record prices for iron ore and coal which have played such a critical role in sustaining the Australian economy can continue indefinitely. However, according to the PEFO, "there are substantial risks around the future terms of trade, with considerable short-term volatility in spot commodity prices and uncertainty about the timing, pace and extent of their decline."

Earlier projections, including those supplied by Treasury, were based on the assumption that Chinese demand would grow at the same unprecedented rate as in the last 18 months, in which iron ore prices have shot up by more than 100 percent.

The banking firm HSBC reports that China's June industrial production growth fell from 16.5 percent to 13.7 percent, with predictions that GDP growth, running at well over 10 percent, will fall to 8.9 percent by 2011. According to HSBC, the majority of Chinese steel mills are operating at a loss, with rolling mills in Northern China operating at 50 percent of capacity. Iron ore prices are expected to plummet accordingly over the rest of the year.

The claim that Australia might be able somehow to weather global economic turbulence is based on the same narrow nationalist outlook that pervades every aspect of the official election campaign. Australian capitalism is not a vessel to be buffeted, or not, but a component part of a thoroughly integrated global economy. That fact was demonstrated in October 2008 at the height of the financial crisis when international funds for the four major banks dried up virtually overnight, putting them within days of insolvency. Lending only resumed when the Rudd government gave them a guarantee.

However, the vulnerability of the banks has not lessened but increased since then and they remain among the largest borrowers on international financial markets. Any sharp change internationally, such as a financial crisis in Europe or a downturn in China, could see funds once again dry up or interest rates rapidly escalate, with drastic economic consequences.

None of this will rate a mention in the official

political campaign because it would begin to make clear that the real agenda of whichever party wins government is an assault on the living standards of the working class.

It is to provide the working class with an independent socialist program in the convulsive social and political struggles that will be unleashed after August 21 that the Socialist Equality Party has intervened in the election campaign.

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