

# Australian prime minister pledges “fiscal discipline”

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Labor Prime Minister Julia Gillard and opposition leader Tony Abbott each this week delivered speeches warning of the need for significant spending cuts and further economic restructuring. Billed as their first major policy statements of 2012, the addresses pointed to the bipartisan consensus for deeper cuts and a stepped-up offensive against working people's jobs, wages, and conditions.

Gillard chose to speak at the Australia-Israel Chamber of Commerce in Melbourne, underscoring her close connections with the Zionist lobby. Within parliament, Gillard is among the most vociferous supporter of the Israeli government and its criminal operations. She opened her speech by referencing one of the key Zionist myths used to justify the dispossession of the Palestinian people in 1948, declaring that “decades after the desert was first made to bloom, Israel is a place where ideas still bloom.”

Gillard then got down to business, emphasising that the central lesson of the deepening European crisis, and what she called the “wreck of failed economic approaches in Europe pre-2008,” was that “fiscal discipline matters.” The phrase “fiscal discipline” was repeated numerous times in the prime minister's speech, together with “fiscal sustainability” and other euphemisms for austerity.

Gillard reiterated a pledge to deliver a budget surplus later this year. This will involve major spending cuts on top of those already announced. The *Canberra Times* estimated Tuesday that the government's current “efficiency dividends” would see 14,000 jobs slashed from the federal public service in the next three years. Even more layoffs are likely to be required to deliver

the surplus, together with further attacks on welfare recipients and lower funding for public health, education and other services.

Gillard assured her audience that the Australian economy's position was “fundamentally different” to the situation in Europe, because “our own fundamentals are strong.” Again heralding the emergence of a so-called Asian Century, she added that Australia was “one of the economies best placed to capitalise on the global economy's shifting weight to our region.”

These bromides contrasted with the latest economic data to emerge from China, indicating slowing manufacturing activity and a nation-wide property bubble that is about to burst.

Moreover, Gillard's stated rationale for quickly eliminating the budget deficit contradicted her assurances of economic stability. The prime minister declared that “fiscal policy must be disciplined and must be seen to be disciplined as well,” in order to ensure the “continued vital inward flow of investment.” She explained that a strong sovereign credit rating was necessary for strong bank credit ratings.

Australian banks are among the most dependent on foreign finance. As a result, the debt crisis in Europe is generating fears in financial circles about the vulnerability of the Australian banking sector. Another 2008-style global credit freeze would likely plunge the banks, and the national economy, into an immediate and severe crisis. Hence Gillard's emphasis on “fiscal discipline.”

Gillard declared that a “new economy” was being

created. The high value of the Australian dollar, bolstered by record global commodity prices, was not likely to come down soon. The situation, she continued, “has broken some business models and forced economic restructuring,” triggering “powerful, economy-wide transformations” that are “best thought of as growing pains.”

These remarks underscore the Labor government’s contempt for the working class. Gillard’s “growing pains” have seen mass layoffs across the economy, resulting in zero net job growth for 2011, the worst result in 20 years. On behalf of the corporate and financial elite, the government is orchestrating a sweeping reorganisation of economic and social relations in Australia, seeking to boost profit rates by lowering living standards in line with the new international benchmarks established in the East Asian cheap labour platforms as well as the wage-slashing US and European economies.

Gillard’s talk of a “new Australian economy,” based on high-tech, high-value, high-skill industries, with “working people getting their share of the benefits” is nothing but rhetorical bluster. The “new economy” being engineered by the Labor government, working closely with the trade unions, is in fact entirely geared to the profit interests of the mining companies, banks and other major corporations. A narrow layer of the population, the ultra-wealthy and upper-middle class, will accumulate ever greater personal wealth, while everyone else will confront job insecurity, low wages, worsening working conditions and run-down social services and infrastructure.

Gillard’s speech has been generally well received among her target audiences in corporate and media circles, though the central and insistent demand for more pro-business measures remains. The *Australian*’s editorial today declared that “there is much more the government should be doing to reduce spending and debt, address the structural budget deficit and lay the foundations for building a new economy based on productivity, competition and innovation.”

Far more scathing, however, was the response to Abbott’s speech on the economy. Addressing the

National Press Club on Tuesday, the opposition leader said that if elected, he would focus on “eliminating wasteful and unnecessary programs and permanently reducing the size of government.” He pledged billions of dollars in spending cuts, including mass layoffs of public sector workers, as well as “tough love” for unemployed and disabled welfare recipients. He

At the same time, however, Abbott appeared to back away from his previous pledge of immediate tax cuts, while also floating the prospect of a publicly funded dentistry scheme. Moreover, he again failed to outline the tens of billions of dollars in cuts that are necessary just to cover his commitment to junk the Labor government’s carbon tax and minerals rent tax.

The *Australian Financial Review*’s editorial yesterday, “Abbott must walk the walk,” said the opposition leader’s address was “tinged with populism” and left unanswered questions. “He wants us to believe he is committed to reducing the size and reach of government, but we won’t spell out exactly how because he believes a small-target political strategy is the best way to win the next election,” the newspaper complained. “To be credible, Mr Abbott needs to nominate now at least one big-ticket spending cut area that could cause political pain.”

That the end of the parliamentary summer break has been marked by a united chorus of demands for “pain” and austerity must be taken by the working class as a serious warning. The year 2012 will be dominated by a ruthless assault on jobs and wages, in line with the social counter-revolution unfolding in the US, Europe and internationally.



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