

# Australia: In advance of budget, Opposition MP demands end to “age of entitlement”

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5 May 2012

An extraordinary speech delivered last month by Liberal Party shadow treasurer Joe Hockey, “The End of the Age of Entitlement”, outlined the program that finance capital is demanding be implemented in Australia, in line with the savage austerity measures imposed against the working class in Europe and the US.

Hockey bluntly elaborated what has, until now, largely been the subject of behind closed door discussion in ruling circles—that all welfare programs, pensions, universal public health and education systems, and the public provision of services ranging from transportation to housing have to be abolished. The speech, which was timed to precede the May 8 federal budget, pointed to the issues underlying the rapidly deepening crisis of the Labor government.

Prime Minister Julia Gillard has pledged to return the budget to surplus next week by slashing spending by at least \$40 billion—more than 2.5 percent of Australia’s gross domestic product, equivalent to Spain’s last austerity budget. Major sections of the ruling class have little confidence in the government’s ability to deliver on this, let alone its demands for far deeper cuts, including the elimination of all so-called entitlement spending. Less than two years after the anti-democratic coup that removed Gillard’s predecessor, Kevin Rudd, from office, unproven allegations of corruption surrounding parliamentarians Craig Thomson and former House of Representatives Speaker Peter Slipper are being utilised by the media and key sections of the ruling elite to ensure that mechanisms are in place to quickly remove Gillard and her unstable minority government if their demands are not met.

Numerous commentators have effusively hailed Hockey’s positions, reflecting the deep frustration within ruling circles over the difficulty in forging a government capable of implementing their demands.

While frustration with the Gillard government is running

high, financial and corporate boardrooms have little confidence in opposition leader Tony Abbott as a credible alternative, at least for now. He has refused to outline policies for slashing spending, while making populist criticisms of those of Gillard that have been praised within ruling circles, such as means testing “middle class welfare” benefits. Moreover, while Hockey’s positions are precisely those with which Abbott has long been identified, the latter has sought to distance himself from them, underscoring the electoral difficulties involved in advancing such a program. Having spelled it out openly for the first time, the shadow treasurer is clearly promoting himself to the ruling elite as an alternative option for prime minister.

The *Australian’s* Peter Van Onselen was among those declaring that Hockey “deserves a standing ovation” for his speech. “Hockey’s economic commentary from Europe should be seen as a political masterstroke, if the coalition is going to do what the party of economic liberalism should,” the Murdoch commentator continued. “Now is a unique moment in Australian politics: the government is in crisis and hence electorally vulnerable. It provides the opposition with the opportunity to set out an agenda that is unpopular but necessary, and still win the election. Never waste a crisis.”

Hockey delivered his speech in London to the Institute of Economic Affairs, a right-wing think tank that became especially influential in the 1980s under Thatcher.

Declaring “the end of an era of popular universal entitlement”, Hockey began by complaining that internationally, public spending “on a range of social programs including education, health, housing, subsidised transport, social safety nets and retirement benefits has reached extraordinary levels.” He insisted that the continued funding of such programs was “simply unsustainable.” The politician described “a battle between the fiscal reality of paying for what you spend, set against the expectation of

majority public opinion that each generation will receive the same or increased support from the state than their forebears.”

In conclusion, Hockey emphasised that “very harsh political and social decisions” were required. The return to “fiscal sustainability” would involve “reducing the provision of so called ‘free’ government services to those who feel they are entitled to receive them ... and is likely to result in a lowering of the standard of living for whole societies as they learn to live within their means.”

Hockey’s speech cast the destruction of living standards for entire populations as a future prospect, but it is already daily reality throughout Greece, Ireland, Portugal, Spain, Britain, other European countries, and the US. Wide sections of the Australian working class have also suffered from mounting job and wage cuts, and rapidly rising costs of living. Hockey was merely spelling out what has been the response of the ruling elite to the global breakdown of the capitalist system—a social counter-revolution involving the elimination of basic social rights won by the working class through previous struggles, and the elimination of all impediments to the accumulation of further profits and personal wealth by the ultra-wealthy.

Hockey emphasised that Australia was not exempt from the end of the “age of entitlement.” Speaking with the ABC’s “Lateline” program after delivering his speech, he explained, “If we talk about the Asian century in Australia, if the government talks about the Asian century, then the Asian countries are our competition, our children’s competition.” Australian capitalism therefore required Asian-style low tax rates and virtually zero welfare spending.

Hockey hailed the “concept of filial piety” in Hong Kong and other countries, where individuals and their families relied solely on one another to survive, declaring this “the very best and most enduring guide for community and social infrastructure.” The absence of any significant welfare provisions in the region, Hockey acknowledged, “may, at times, seem brutal”, but nevertheless, “it works and it is financially sustainable.”

Hockey’s speech pointed to one of the central issues behind the political crisis of the Australian parliamentary apparatus—how to turn back the historical clock, establishing nineteenth century-style social and economic relations, in the face of overwhelming opposition to this agenda among ordinary people.

“It is not popular to take entitlements away from millions of voters in countries with frequent elections,” Hockey complained. “It is ironic that the entitlement system seems to be most obvious and prevalent in some of the most democratic societies.” He continued: “Perhaps what we are witnessing is a chronic failure of the democratic process. A weak government tends to give its citizens everything they wish for. A strong government has the will to say NO!”

Hockey also warned that governments had to be prepared for opposition to emerge against their policies: “Already in the UK and parts of Europe we have seen the social unrest that can result when fiscal austerity bites.”

Expressed here is the class logic behind the drive to dictatorial forms of rule in the advanced capitalist countries. Unelected and unrepresentative “technocratic” governments have been installed in Greece and Italy; preparations have been made for a possible military coup in Greece; governments internationally have introduced various authoritarian measures in preparation for conflict with the working class.

Hockey’s speech made clear that the diktats of finance capital were paramount, behind the facade of elections and parliamentary procedure. Warning that Adam Smith’s “free hand” could form a “fist”, Hockey explained: “In today’s global financial system it is the financial markets, both domestic and international, which impose fiscal discipline on countries... So, ultimately the fiscal impact of popular programs must be brought to account no matter what the political values of the government are or how popular a spending program may be.”



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