

Australian Treasury secretary outlines austerity offensive for Labor government

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In a speech last Friday, Australia's Treasury secretary Martin Parkinson outlined the savage European-style austerity agenda that governments, state and federal, have to impose on the working class on behalf of the corporate elite as the economic situation deteriorates. His comments mark a shift by Treasury away from the various nostrums based on the claim that the Australian economy was insulated from the global economic breakdown.

The address, "Challenges and Opportunities for the Australian Economy," was delivered to the John Curtin Institute of Public Policy in Perth and amounted to a new set of directives for the government. Warning of "growing pressures on fiscal sustainability at all levels of government," Parkinson insisted that ordinary people's expectations of government-funded services could not be met.

While speaking in cautious and guarded terms, Parkinson effectively demanded that the Labor government eliminate every social concession that was won by the working class in the course of the 20th century through bitter struggles. These concessions include government spending on welfare, public health, education and other basic services.

The federal Labor government, and its Labor and Liberal state counterparts, have already slashed funding on social programs and destroyed thousands of public-sector jobs. Now, however, amid an accelerating global economic crisis, big business is demanding deep, permanent inroads into the living standards of workers in order to boost the "international competitiveness" of Australian capitalism.

Opposition shadow treasurer Joe Hockey bluntly spelled out the agenda in a speech in April, declaring an end to the "age of entitlement." The thrust of his speech was that for Australian capitalism to be

competitive in Asia there must be an end to any government responsibility for providing for social needs. (See: "In advance of budget, Opposition MP demands end to 'age of entitlement'")

Opposition leader Tony Abbott immediately distanced the Liberal Party from Hockey's speech, which was pitched to the corporate elite, in recognition of the fact that it would only alienate voters. However, Hockey's theme has since been taken up by several journalists and Labor Party figures.

In a recent "Quarterly Essay," the *Australian Financial Review's* political commentator Laura Tingle declared: "If Hockey is right, it won't just be a question of cutting back entitlements, but of a government telling Australians that we have to reconceive what we expect of government itself."

Prominent economist and former Labor government adviser Ross Garnaut similarly warned that ordinary Australians had failed to "assimilate" the new reality of government cutbacks and declining living standards. (See "Australia: Workers warned to 'brace for falling living standards'")

Now Martin Parkinson has weighed in. Treasury is the agency of the capitalist state responsible for drafting the key economic and fiscal policy measures aimed at advancing the interests of the bourgeoisie as a whole. The department's secretary has made clear that the Labor government's task is to implement the same social counterrevolution against workers in Australia that is underway in the US and Europe.

Parkinson began his speech last Friday by warning: "The global economic volatility we're seeing now is emanating from a number of sources that, taken together, seem to guarantee that volatility will be a feature of the global economy for at least the next decade." These sources include slower growth in China

and Asia, a possible renewed US downturn in 2013, and continued instability in Europe, generated by the growing opposition in the working class toward austerity.

With the end of the China-fuelled minerals commodity price boom, the Treasury secretary forecast significantly lower economic and national income growth. In the 2000s, he noted, nearly half of Australia's national income growth was due to rising terms of trade. Future growth, Parkinson concluded, "will now be driven by productivity growth." In other words, maintaining corporate profits required the imposition of workplace speedups, wage cuts and job losses on the working class.

The Treasury secretary demanded that "real attention" be paid to the problem of "growing community expectations of what governments should provide" amid "slowing economic growth and a constrained revenue base." These excessive expectations, Parkinson declared, required a "considered and informed national debate," adding: "As a community, we need to make choices about what governments can and should provide, and how these will be funded."

This is nothing but code for a class-war agenda. The suggestion of some kind of democratic debate, involving the so-called Australian "community" agreeing to the destruction of basic public services and infrastructure, is a fraud from start to finish.

Australia, like every capitalist nation state, is deeply divided along class lines. The ultra-wealthy elite at the top of society will continue to make huge profits as a result of the regime of permanent austerity, while the working class will be plunged into poverty. Such measures will not be implemented via genteel political debate, but will provoke enormous social struggles as the working class moves to defend its independent class interests. Parkinson evokes national unity so as to justify, in advance, state repression against workers who resist, and to slander them as "selfish" and "unpatriotic."

The Treasury secretary carefully avoided identifying which social programs and public services should be eliminated or privatised. He nevertheless insisted that while people had "presumed that these [government] services will always be publicly provided, this is not a presumption we can afford to make."

Parkinson expressed concern over how Prime Minister Julia Gillard's government would fund the proposed National Disability Insurance Scheme and new school funding model. While both are, in reality, regressive policy measures designed to pave the way for a user-pays model of education and disability support services, they nevertheless involve an initial projected increase in government funding. Parkinson warned the government that tax revenues "will simply not be returning to the unsustainable levels of the previous decade."

Unsurprisingly, the Treasury secretary's speech was hailed by the Murdoch and financial press. Senior Labor figures did not publicly comment, but Treasurer Wayne Swan is currently working closely with Parkinson, preparing another round of spending cuts and savings, due to be announced next month in the Mid-Year Economic and Fiscal Outlook. The global economic downturn has already exposed the over-optimistic forecasts upon which the government's May budget rested. Billions of dollars in additional cuts will be required to deliver the surplus promised by the Labor government to the financial markets and credit ratings agencies.



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