

Australian business, media step up campaign for austerity cuts

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Corporate lobby groups and major media outlets in Australia have intensified a coordinated campaign for massive cuts in government spending.

In recent weeks, the *Australian Financial Review*, as well as Murdoch's stable of tabloid newspapers, and his national *Australian* paper, have run numerous editorials and op-ed pieces urging the implementation of European-style austerity measures, aimed at driving down the living standards of the working class. The *Australian*'s articles are accompanied by a graphic of a razor, signifying spending cuts.

Reports calling for cuts, recently released by several corporate lobby groups and right-wing thinktanks, have been heavily featured. The immediate aim is to pressure the Labor government of Prime Minister Julia Gillard ahead of the federal budget in May; at the same time, the ruling elite is laying down the agenda to be implemented by whichever party takes office after the election slated for September.

The Centre for Independent Studies (CIS) has frankly outlined the measures being prepared. Last week it launched a "Target 30" campaign, aimed at lowering government spending from a purported 35 percent of gross domestic product (GDP) to 30 percent. The real level of public expenditure is in fact significantly lower, but the CIS lumped together federal, state, and local budgets to arrive at the 35 percent figure. To reduce this by 5 percent, the thinktank explained that spending cuts totalling more than \$60 billion would be required each year for the next decade. The *Australian Financial Review* reported on March 6 that the proposed sum is equivalent to eliminating all pensions and family benefits, or scrapping federal spending on hospitals, education and defence.

In a previous period, the "Target 30" campaign

would have been dismissed as the work of cranks. Now, however, it is being widely promoted. The *Australian Financial Review* issued an editorial last week, "Election in budget denial," to warn that any favourable comparisons between Australia's debt and deficit position, and the situation in Europe and the US, constituted a "dangerous mirage". The organ of Australian finance capital demanded a "radical change in national mindset" on the need for major spending cuts, concluding that the CIS's "Target 30" campaign was "modest, prudent and overdue".

What is being prepared is a social counter-revolution. To maintain the international competitiveness of Australian capitalism, every previous concession made to the working class is being targeted—pensions, disability and family payments, other welfare programs, public health and education, and basic social infrastructure. The CIS report nostalgically recalled Australian society before the 1970s, "before Medicare, [when] families insured themselves so they could buy treatment if they fell ill, and charitable foundations raised money to build and run hospitals."

The Business Council of Australia (BCA), representing the country's 100 largest corporations, this month issued a 56-page submission for the Labor government's upcoming budget. The report declared that in the aftermath of Gillard's abandonment of her previous promise to deliver a surplus this year, the government needed a revised fiscal strategy, outlining cuts over the next several years. "There is no amount of tinkering that can solve this problem," BCA chief executive Jennifer Westacott declared. "Our call to both political parties is this is a very urgent task. The longer it is put off, the more difficult this becomes, the harder the choices."

The Business Council demanded the government

deliver substantial cuts, rather than “savings” generated through accounting mechanisms and changing the timing of new spending programs. It cited a report by Deloitte Access Economics that claimed that half of the government’s \$28 billion in savings unveiled in the last mid-year budget review were generated by “timing shifts”.

Big business is insisting that spending be quickly reduced, even beyond what is necessary to return the budget to surplus. The Minerals Council of Australia, representing the mining giants, issued economic modelling as part of its budget submission purporting to show that while this year’s budget deficit was likely to exceed \$8 billion, the “structural deficit” could be as high as \$36 billion. The concept of a “structural deficit” is based on estimating the government’s budget position if Australian mining and other exports were priced at their historical averages, rather than at the current high levels. The Minerals Council demanded “a comprehensive review of government expenditure”.

Similar demands for a spending review have come from the BCA, other business lobby groups, and the Murdoch and financial press.

The last such review at the federal level was conducted in 1996 by the newly-elected Coalition government of John Howard, which used it as a mechanism to slash spending by the equivalent of one percent of GDP. More recently, at the state level, the Liberal National Party government in Queensland triggered a budget audit as part of its assault on public sector workers. Now the federal Liberal Party led by Tony Abbott has declared its commitment to a so-called independent budget review after the election. In the event that the opposition coalition is installed in office, the review will be used as the pretext for a stepped-up assault on the social position of the working class.

Business Spectator’s Rob Burgess commented that the BCA budget submission was “a useful reminder that either party will face a fiscal crisis when the next government is formed.” If the Labor Party were returned, he continued, it “would need to totally overhaul its approach to budgeting.” If Abbott were elected: “Once the audit is done, the cost-cutting will begin. Liberal sources suggest the most likely approach will be to cut entire programs, rather than shave a little

off each department.”

The official election campaign is an utter fraud. Both the major parties are now making certain appeals to ordinary people’s concerns over excessive costs of living and inadequate social infrastructure and public services—while at the same time preparing to implement a deeply unpopular austerity agenda once the vote is safely out of the way.



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