

Australian thinktank demands “tough” health and welfare cutbacks

Mike Head
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A campaign underway by the Australian corporate elite to insist that sweeping public spending cuts must be imposed, regardless of popular opposition, continued yesterday with the release of a report by the Grattan Institute, a big business thinktank.

Entitled, “Budget pressures on Australian governments,” the report claimed that unless social spending was slashed, the federal and state governments would confront budget deficits totalling \$60 billion a year within the next 10 years. It declared that the “alarming task” of finding such savings would “require tougher choices than those made over the last decade.”

The report launched a broadside against both the Labor Party and the Liberal-National Coalition, accusing them of “raising expectations about what government can and should deliver” and pandering to the “many voters” who “prefer outcomes with no obvious losers.” Employing language with a distinctly anti-democratic undertone, it called for “courageous leaders” who were prepared to make “tough policy choices” and change “mindsets.”

The Grattan Institute is a nominally “independent” thinktank established in 2008, amid the global financial crash, with the financial support of the federal and Victorian governments—both then Labor governments—and some of Australia’s largest corporations, including BHP Billiton and the National Australia Bank.

Its report targeted public health spending, asserting that health budgets had risen by \$40 billion in real terms over the past decade and would contribute half the total government deficits by 2023. Without providing any data, the report claimed that this was primarily because people “saw doctors more often, had more tests and operations and took more prescription

drugs.”

As far as the ruling class is concerned, broad access to health care by ordinary people is a retrograde, and unaffordable, development, especially if it means they live longer. The report declared that longer life expectancy—generally regarded as a measure of human progress—had “come at a cost.”

Likewise, the report singled out education and welfare as the two other areas where expenditure had grown unacceptably. It welcomed the shift of enrolments into private schools because it “dampened government spending on schools” but insinuated that too much money was still being spent. On welfare, while welcoming cuts in real terms to unemployment, youth and parenting benefits over the past decade, it complained of growth in spending on disability and aged pensions. The report also warned that widening inequality could create unwanted pressure to increase welfare payments.

The report slammed both “governments and oppositions” for promising higher spending on schools, a disability insurance scheme, additional parental leave and greater infrastructure. The Grattan Institute bluntly stated that such “raised expectations” were not sustainable. The report made no specific recommendations, but indicated a sustained political offensive, announcing that a forthcoming Grattan Institute report would “examine the options.”

While claiming, despite the deepening world recession, that economic growth in Australia and its trading partners had now returned to “long run” trends since the global financial crisis, the report pointed to a sharp and deep deterioration in the fortunes of Australian capitalism. “It is almost inevitable that mining investment and minerals prices will reduce from current levels, which are much higher than historic

averages,” the thinktank stated. Company and mining taxes, and carbon price revenues, were likely to be \$15 billion a year—one percent of gross domestic product—less than current forecasts, and lower mineral prices could slice another \$15 billion off government revenues by 2023.

As in Europe and America, the corporate elite is intent on making the working people pay for the global economic breakdown by inflicting cuts to social programs, jobs, wages and working conditions. Nothing was said, of course, about the billions of dollars slashed from corporate, mining and high income taxes by successive Labor and Liberal governments over the past three decades. Nor the vast shift of income and wealth to the upper echelons of the wealthy elite over that period.

The language of the Grattan Institute echoes comments last week by Business Council of Australia (BCA) president Tony Shepherd. On behalf of the country’s 120 largest corporations, BCA president Tony Shepherd issued a lengthy list of demands for measures to boost productivity and profits at the expense of the working class, and above all, a concerted austerity drive that would impose a “hard cap on the size of government.”

Shepherd too insisted that the BCA’s blueprint for Australia “requires political leaders who are prepared to lose their jobs to get things done.” In other words, this agenda must be imposed, irrespective of popular opposition and the outcomes of elections, as is already being done via unelected “technocratic” governments or “grand coalitions” between the old ruling parties in Europe, or via “emergency managers,” as in Detroit.

Big business is well aware that there is deep-rooted opposition to such measures, as well as toward the official political establishment of Labor, Liberal-National and Greens. The comments by Shepherd are a warning that the corporate elite, frustrated at its inability to achieve its agenda via parliament, will resort to more autocratic measures to impose it.

Headlines and editorials in the main organs of the business and media establishment promoted and welcomed the Grattan Institute report. According to yesterday’s *Australian* editorial, the “budget black holes” required “nothing less than a wholesale shift in political culture.” The *Australian Financial Review* headlined its report: “Health, education, welfare the

trouble spots.”

Whichever parties win the election scheduled for September, and no matter what promises are made to delude voters, this agenda will be unleashed once the polling is out of the way. Both the government, led by Julia Gillard, and the opposition, headed by Tony Abbott, are already indicating that they have understood the message.

Health Minister Tanya Plibersek last night vowed to make “tough decisions” to curtail spending. The *Australian* praised Abbott for refusing to promise to reverse the Gillard government’s cuts to universities, now totalling \$3 billion. Labor’s regressive university measures, which will hit students and staff alike, are just another down payment on the austerity program required by the corporate boardrooms.

The trade unions are also on song, pledging to help enforce such an agenda. Speaking at the Labor Party’s Victorian state conference on the weekend, Australian Council of Trade Unions president Ged Kearney accused successive Labor and Coalition governments of allowing “unrealistic expectations” to grow among voters about the benefits that were supposed to flow from their pro-business restructuring of the economy over the past three decades.



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