

Australia: Opposition steps up pro-austerity campaign

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The concerted campaign for stepped up austerity spending cuts in Australia, promoted by corporate lobby groups, “free market” think tanks and media outlets, has found expression within the opposition Liberal-National coalition.

The Institute of Public Affairs (IPA), a Liberal Party-aligned right-wing think tank, this week provided a forum for shadow treasurer Joe Hockey to revive his campaign for an end to the “age of entitlement” and for New South Wales Liberal backbencher Alex Hawke to condemn opposition leader Tony Abbott’s proposed new tax on business to finance an expanded parental leave scheme.

In April last year, Hockey delivered a speech in London insisting that no government in the world could continue to fund existing welfare and social services, and that “a lowering of the standard of living for whole societies” was inevitable. Decrying what he called “the chronic failure of the democratic process”—referring to the difficulty in winning elections while “taking entitlements away from millions of voters”—Hockey demanded “strong government” with “the will to say no.”

Abbott, acutely aware of the overwhelming opposition among ordinary people toward the social counter-revolution that Hockey had outlined, repudiated the speech. He falsely insisted that his colleague had merely been referring to the crisis-stricken European economies, not Australia.

A chastened Hockey did not speak again of the “end of the age of entitlement” until his speech to an IPA gathering on Monday.

The speech was delivered following reports by the Business Council of Australia and various think tanks, including the Grattan Institute, demanding the reduction of government spending on health, welfare

and other basic services.

Clearly emboldened by the campaign, and sensing an opportunity to win the backing of key sections of the corporate elite for a change of government in the September election, Hockey referred back to his London speech. “I believe all developed countries are now facing the end of the era of universal entitlement,” he declared.

Claiming that “demographic pressures” were exacerbating a debt crisis that could be tackled only by “attacking spending,” he continued: “Addressing the ongoing fiscal crises will involve the winding back of universal access to payments and entitlements from the state.”

Using the usual coded language for abolishing the welfare state, Hockey said his proposals would “require the redefining of the concept of mutual obligation and the reinvigoration of a culture of self reliance.” He declared that there was “little time left for the preparation work to be undertaken” and demanded “leadership supported by a steely resolve.”

Hockey’s speech immediately followed Alex Hawke’s public condemnation of Abbott’s parental leave proposal. The backbencher, who made clear that he was speaking on behalf of a significant section of the Liberal Party caucus, declared the leave plan was an “unaffordable albatross around the neck” of the opposition ahead of the election campaign.

Abbott’s proposed scheme has emerged as the focal point for business demands that he go much further in committing to implement sweeping austerity and economic restructuring policies if he wins the election.

Under Abbott’s plan, corporations with taxable income of more than \$5 million (about 3,300 firms) would pay a 1.5 percent levy on profits. This would go to pay new mothers the equivalent of their full salary,

up to \$150,000, for six months while they took leave from paid work.

Currently, the Labor government's program only pays women the minimum wage, for 18 weeks, while stripping them of other available benefits, including the "baby bonus" and some family tax payments. This scheme, falsely promoted by the government as a major "progressive" reform, was first outlined by the Productivity Commission, aimed at boosting the number of women with children in the low-wage workforce. The Productivity Commission acknowledged "compelling" scientific evidence that 26 weeks' leave was best for mother and baby, but concluded that 18 weeks was optimal for maximising the number of women who return to the workforce. It added that a well-designed scheme would see average women's wages fall by 2 percent, by boosting the "supply" of workers available for business.

Abbott's scheme runs contrary to the Productivity Commission's main conclusions. Big business, which has long campaigned for the corporate tax rate to be slashed, is outraged at the suggestion that companies incur a levy to fund the scheme, which is expected to cost \$4.3 billion a year, three times more than the government's policy.

Underlying the furore over the parental leave policy are broader concerns within ruling circles about the opposition coalition's credentials as an alternative government. Alex Hawke has made clear that his demand for the proposal's junking is only the starting point for a wider agenda of aligning Liberal Party policy with the new diktats of finance capital.

Hawke's essay on the parental leave issue, published by the IPA, issued a warning to Abbott not to repeat the performance of Malcolm Fraser, Liberal prime minister between 1975 and 1983. Hawke declared that the Fraser government had failed to "reduce the size and scope of government," paving the way for the subsequent Labor government "that was prepared to tackle an economic reform agenda." He told Abbott to "heed the lessons of the Fraser government's failure" and advance "rigorous economic policy."

This theme is being sounded with increasing regularity in the corporate press. Fraser, fearful of provoking mass opposition in the working class, had resisted implementing vicious pro-business "reform" measures. Abbott is now under pressure to demonstrate

his willingness to defy public opinion and suppress opposition, because Australian capitalism requires an even more sweeping economic restructuring program than was unleashed by the Labor governments between 1983 and 1996.



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