

Leading Australian economist spells out post-election austerity offensive

Patrick O'Connor—SEP candidate for the Senate in Victoria
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While the official federal election campaigns of the Labor and Liberal parties are trotting out the usual empty promises, economists and policy makers are preparing for a major economic crisis and the imposition of mass unemployment and unprecedented wage cuts on the working class.

To this end, prominent economist and former Labor government advisor Ross Garnaut delivered a major speech at Melbourne's Victoria University on May 28, titled, "Ending the great Australian complacency of the early twenty first century". The address pointed to key aspects of the class war agenda that will be pursued by the next government, regardless of whether it is led by Julia Gillard or Tony Abbott, to maintain the privileges of the narrow ultra-wealthy elite.

Garnaut asserted, without much argument, that living standards in Australia are about to sharply decline, as the China-fuelled mining boom comes to an end. Speaking among fellow economists and academics, Garnaut obviously felt no obligation to substantiate this point, which is regarded as a truism within these circles. The only issue, he explained, is how far incomes will fall. With a "business as usual" approach, Garnaut declared, then "sooner rather than later we will experience deep economic recession with high unemployment—probably with unemployment rising with each new recessionary episode, without falling much in the years between".

Under this scenario, the economist continued: "We can expect disappointment as public services that have enhanced Australians' welfare are diminished bit by bit in response to successive fiscal crises. We can expect bitter political conflict within our society, and unhappiness about our institutions."

In other words, never ending rounds of austerity spending cuts will target public services including

health, education, and welfare, generating widespread opposition within the working class.

Much of Garnaut's speech was cast as a sharp warning to the political establishment. He cautioned: "Conflicts and incoherence within our polity in the years immediately ahead would be the more dangerous because they would emerge at a time of international financial uncertainty, still dragged down by the overhang from the global financial crisis, with the causes of the crisis mostly remaining at large, and with the eventual withdrawal of some extraordinary monetary strategies at some time to lead the northern developed world into uncharted waters... They would be the more dangerous because they would be emerging at a time of strategic uncertainty, when Australians' confident ancient presumption that might is right and on our side is challenged by the divergent economic fortunes and therefore strategic weight of the old developed and large Asian developing countries."

Put in plainer language—the renewal of the class struggle at home is set to coincide with a worsening global economic crisis and a highly dangerous conflict between the Australian ruling elite's long standing strategic ally, the US, and its most important economic partner, China.

Garnaut recommended the immediate implementation of a sweeping pro-business economic restructuring and austerity program. Harking back to the "discipline" behind the free market "reforms" implemented by the former Hawke-Keating Labor governments in the 80s and 90s, which he was personally involved in implementing, the economist labelled this the "public interest approach". In reality, the restructuring program he recommends today, like that advanced under the Hawke-Keating governments, is aimed at ensuring that the enormous profits accumulated by the banks and

major corporations remain unaffected by the economic crisis—itself caused, in large measure, by the criminal, profit-gouging activities of the major global financial institutions. While seeking to appeal to the so-called “national interest”, Garnaut made clear that it was the working class that would have to pay for the full cost of his alternative to the “business as usual” scenario.

He warned that one of the key “challenges” confronting the political establishment was the need to “change entrenched expectations that living standards will rise inexorably over time; that household and business incomes and services will rise and taxes will fall, as they have done for a full generation ... those expectations must be reversed in the process of dealing with the legacy of the boom”. Once again, he was referring to the “entrenched expectations” of the working class, not those of the financial and corporate elite.

Underlying the speech was an intense frustration with the problems caused by democratic forms of rule. Garnaut condemned the Australian population for alleged “complacency”, and complained that a new round of radical pro-business “reform” was impossible unless the electorate was “prepared to support changes that damage some aspects of their personal interests”. He likewise demanded that the major parties cease appealing for electoral support by promising to improve ordinary people’s lives: “The problems that we face and the remedies that are necessary to deal with them are so far outside the range of Australian political discourse in the twenty first century, that political leaders will have to explain to their supporters the need for changes in some policies that have strong support.”

The global economic breakdown has now reached the point where democratic forms of rule have become incompatible with the survival of the capitalist profit system. In several European countries, the International Monetary Fund and European Union have circumvented election outcomes that have reflected mass anti-austerity sentiment by simply ignoring the result and forcing the installation of so-called technocratic governments. In the US, the Obama administration has torn up basic constitutional norms while presiding over a vast expansion in the repressive domestic activities of the military-intelligence apparatus.

The old parliamentary forms of rule in Australia are

no less crisis-stricken, and there is no question that the upcoming federal election will mark a turning point. The financial elite has already demanded of the major parties that they implement a ruthless agenda that has no popular support in the population. As far as ruling circles are concerned, the September 14 poll is a mere formality, something that has to be suffered until they can deal with the real business at hand.

The Socialist Equality Party’s election campaign is aimed at providing a vehicle for the working class to intervene into the political situation in defence of its own independent class interests. The profit system has failed around the world. The only future it can offer is ever-deepening poverty, unemployment, dictatorship and war. Against this class war agenda, to which all the parliamentary parties—Labor, Greens and Liberal-National—are committed, the working class must launch a counter-offensive for a workers’ government and socialist policies. The major corporations and banks must be taken out of private hands and placed into public ownership, under the democratic control of the working class, as part of the internationally planned reorganisation of the global economy. This is the only viable way to guarantee the social rights of all, including the right to secure, well-paid jobs, access to high quality, free education, health, aged and child care services, and decent living standards.

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