

Australian election campaign dominated by austerity demands

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7 August 2013

Ahead of the federal election on September 7, a coordinated corporate and media campaign is being waged for the next government to implement sweeping spending cuts against the working class.

The official election campaign is now dominated by an accelerating economic crisis. Yesterday the Reserve Bank again cut official interest rates, this time to just 2.5 percent, the “emergency” level reached in the aftermath of the 2008 financial crash. In its statement, the Reserve Bank referred to the global economic slowdown, heightened volatility on world financial markets, as well as rising unemployment and deteriorating economic conditions within Australia.

The interest rate cut was preceded by the release of economic data showing the worst retail sales figures since 1961, with zero growth in per capita consumer spending in the past 12 months.

Last Friday, the minority Labor government set the stage for what the financial press has dubbed the first post-mining boom election, with a “mini-budget” that detailed multi-billion dollar revenue write downs and additional spending cuts. Two days later, Prime Minister Kevin Rudd announced the election date. Now, as far as the corporate media is concerned, the key election issue is which major party can be relied upon to impose far-reaching pro-business economic restructuring and austerity measures.

The Murdoch-owned *Australian* yesterday featured a front-page story, “Business blasts budget torpor,” promoting the demands of various CEOs for sweeping cuts. Business Council of Australia chief executive Jennifer Westacott complained that Rudd’s mini-budget involved “no structural reform to the budget.” Brambles and BlueScope executive Graham Kraehe added: “To have a credible economic strategy, government of either persuasion needs to tackle

government spending in a serious and co-ordinated way.” The Commonwealth Bank’s Andrew Mohl attacked politicians because they “don’t want to do anything structural” and warned that “current tinkering is doing nothing but creating uncertainty.”

The *Australian*’s editorial on the same day demanded that televised debates between Rudd and opposition leader Tony Abbott be based on “themes of vital national interest,” with the first issue “repairing the Commonwealth’s structural deficit [and] about the size of government.” “Structural deficit” is a code phrase for what business regards as unnecessary social spending—on welfare, pensions, health and education.

Today, the *Australian* published another editorial on the issue, “Politics and economics on a collision course.” It declared: “Let us spell it out once again: the strains in the economy are not a temporary inconvenience, but a sign of a transition that requires a firm government hand. Future governments are locked into spending more than they can expect to receive in revenue, and the fiscal gap will not be closed with a nip and a tuck.”

The Labor government’s so-called “nip and tuck” cuts have already plunged tens of thousands of single parents into poverty by stripping them of the parent payment entitlement, blocked many disabled people from accessing the disability support pension, destroyed hundreds of public service jobs, hit students via university funding cuts, and raised the retirement age for workers by two years. Now, however, the ruling elite is demanding far deeper attacks on the working class and the most vulnerable layers of the population. Eliminating the “fiscal gap” will involve the wholesale restructuring of the government’s budget, with entire public spending programs eliminated, including on healthcare, education, and welfare entitlements.

The sustained assault on the social position of the European and US working class in recent years has established new benchmarks for the Australian corporate elite as it seeks to maintain “international competitiveness.”

There remains significant frustration within ruling circles over the Labor and Liberal parties’ inability to publicly commit themselves to imposing this agenda of social counter-revolution. Both Labor and Liberal understand that they cannot win the election on this basis, because of the overwhelming opposition among ordinary people to austerity and “free market” restructuring.

Both parties are signalling their willingness to carry out the demands of big business, while seeking to conceal from voters the scale of the austerity measures being prepared.

In last week’s mini-budget, the Rudd government detailed the worsening economic climate and announced some spending cuts, indicating it would do whatever was necessary to balance the budget. At the same time, it is making a bogus “lesser evil” pitch to voters by accusing the opposition of preparing “slash and burn” measures targeting health and education.

The opposition is refusing to detail its planned cuts. At the same time it is promising the corporate elite a “commission of audit” into every aspect of government spending, as the mechanism for implementing austerity measures. Today, the *Australian Financial Review* reported that shadow Treasurer Joe Hockey indicated that an Abbott government would be prepared to increase the regressive goods and services tax (GST). Hockey later disavowed the comments. Abbott meanwhile pledged to cut the corporate tax rate by 1.5 percent, offering another handout to business that will be paid for through additional spending cuts.

The opposition is being urged to go much further. The *Australian Financial Review* yesterday advised: “Mr Abbott’s simple truths need to be clearer—that Labor’s fiddling will not get Australia out of its post-boom budget hole. The simple truth is that fixing the mess Labor has left will require difficult but overdue decisions that will yield dividends later. Cutting bureaucratic ‘waste’ will not be enough... Sooner or later, some political leader will be forced to articulate the real simple truths confronting Australia.”

The simple truth that the *Review*’s editorial writers

are not spelling out, but are no doubt considering, is that the severe attacks on living standards being demanded by big business cannot be implemented democratically and will provoke widespread resistance from working people.



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