Australia: Business steps up campaign for austerity and restructuring

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After winning the September 7 federal election, the Liberal-National Coalition is under growing pressure from big business, and its media and think tank mouthpieces, to immediately impose sweeping budget cuts and slash workers' wages.

During the election campaign, the Socialist Equality Party warned that the rival pitches of the major parties were a fraud: the real agenda was being worked out behind the scenes, in corporate board rooms and financial media editorial offices. Just five weeks later, this has been amply borne out by the campaign now being mounted by powerful sections of the ruling elite.

An editorial yesterday in the *Australian Financial Review*, "The pitfalls of mandate politics," bluntly advised Prime Minister Tony Abbott to junk his campaign promises and launch an offensive against the working class. The chief organ of Australian finance capital declared: "Mr Abbott has promised not to do all sorts of things that would unsettle his Howard battler constituency. But he also has promised to run a strong economy and to fix Labor's budget crisis. These two mandates sit uncomfortably together." It said "there's a lot to be said for keeping political promises" but not when "too many of these promises rule out the sort of policy responses needed … to fix the budget."

The reference to "[John] Howard's battler constituency" is to the working class voters who deserted the Labor Party at the 1996 election as a result of the Hawke and Keating governments' 13-year record of "free market," pro-business privatisations and economic restructuring measures. This year's election saw the Labor vote plummet further, to its lowest level in more than a century. Abbott campaigned on a series of slogans opposing the carbon and mining taxes, refugee boat arrivals and supposedly wasteful government spending. He said as little as possible about his own agenda, adopting a "small target" strategy of promising the electorate a stable, "no surprises" government.

Now that the election is out of the way, the *Australian Financial Review* insisted, it is time for Abbott to dispense with such platitudes and impose the kind of measures that could not be discussed during the campaign, precisely because working people overwhelmingly oppose them.

The newspaper raised as a priority the need to slash wages in order to boost corporate profits and the "international competitiveness" of Australian capitalism. It denounced last week's Fair Work Commission rejection of a bid by the tourism, hospitality and restaurant industry to water down what the *Australian Financial Review* described as "archaic" overtime and penalty pay rates for evening, weekend and holiday shifts. The Abbott government is now facing strident demands from corporate lobby groups to eliminate such wage protections, as the first step in a broader drive to slash corporations' labour costs.

Unlike almost every other advanced economy, Australia did not experience an official recession following the 2008 global financial crash, largely due to China's ongoing demand for the country's mineral exports. In the US, Europe and other regions, the enormous rise in unemployment during the past five years has been used as a weapon by the corporate and financial elite to drive down wages. In Australia, substantial numbers of manufacturing workers, most recently those at General Motors Holden, have been hit with severe pay cuts, but workers in most other sectors have not. Now the end of the China-fuelled mining investment boom, deteriorating domestic economic activity and mounting instability on world markets, exacerbated by the spectre of a potential US debt

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default, has fuelled corporate pressure for government action to slash wages.

The Abbott government is at the same time being confronted with blunt demands to impose US- and European-style austerity measures, targeting healthcare, education, welfare entitlements and other basic social services.

The former Labor government cut spending more sharply than any of its predecessors in the past four decades (see: "Revealed: Australian Labor government's record spending cuts"), but this is only a first step as far as the corporate elite is concerned.

Last week, the National Press Club and ABC television broadcast a speech by Grattan Institute think tank chief John Daley. The Grattan Institute was founded in 2008 by the then Victorian and federal Labor governments, with the backing of major corporations, including the National Australia Bank and BHP Billiton. Daley advanced a medical analogy: "Australian government budgets are unfit, overweight, and smoking—and now they have high blood pressure and chest pains. Most worryingly, the patient has gone into denial and is eating more cheese."

The accumulated fortunes of Australia's ultra-wealthy, not to mention the record profits of the largest corporations, could cover the current and projected budget deficits many times over. Every wing of the ruling elite, however, is agreed that the working class must be made to bear the full burden of the economic crisis, reversing every previous concession on wages, working conditions and social services.

Daley focussed his National Press Club speech on denouncing supposedly excessive health spending, which he said was primarily responsible for rising federal and state government spending. This was not due to an ageing population, Daley explained, but to higher standards of medical care, as "a 60-year-old today visits the doctor more often, has more tests, has more operations, and takes more drugs, than a 60-year-old ten years ago."

The mining boom, Daley went on, had provided additional government revenue to accommodate these rising healthcare expenses—but no longer. He demanded that currently available medical services be withdrawn, as part of massive spending cuts. "You can come up with a lot of budget measures that are worth half a billion here, half a billion there," he declared, "but they're not going to make that much difference when you've got the kind of problems we've got. You ultimately do need to pick off some of the things that are worth more like $5 or $10 billion—by definition they are all politically really, really hard."

Asked by a journalist how healthcare spending could be cut, Daley prefaced his answer by musing on a hypothetical dictatorship: "We're going to assume, to make your life really easy, that you've declared martial law and you don't have to face an election for the next ten years—so there's no political constraints either."

The remarks, taken together with yesterday's *Australian Financial Review* editorial urging Abbott to junk his election campaign promises, underscore the deeply anti-democratic character of the agenda being pursued by the financial oligarchy. To protect the material interests of those at the top of society, ordinary people's living standards are to be driven down to levels competitive not just with the United States but with the low-wage manufacturing platforms in Asia—and more authoritarian forms of rule will be developed as the government inevitably confronts escalating resistance from the working class.

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