

Australia: Former Labor prime ministers call on conservative government to slash spending more quickly

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Former Labor prime ministers Bob Hawke and Paul Keating have added their voices to increasingly strident calls from corporate Australia for Tony Abbott's Liberal-National government to impose major spending cuts and other socially regressive measures against the working class.

Hawke's and Keating's comments were made last week, following the National Archives of Australia's release of the 1986–87 federal cabinet papers, covering part of the period in which Hawke was prime minister and Keating was treasurer. Interviewed by the *Australian* newspaper, they both criticised the Abbott government for not acting quickly enough to reduce the projected \$47 billion budget deficit.

Australia's ruling elite regard the Hawke-Keating "free-market" deregulation of the Australian economy and the wide-ranging assault on the working class from 1983 to 1996 as a political benchmark. Corporate lobby groups and media commentators want Abbott's government, which was elected last September, to slash health, education and welfare spending, drive down wages and working conditions, and privatise Australia Post and other state-owned industries.

Hawke told the newspaper the Abbott government faced "a very, very large budget deficit" but "they seem to be walking away from the suggestion that they can move into surplus in this first term." He insisted: "What is required is the same thing [as Labor did]. You've got to have a prime minister and treasurer, and a competent ministry, which understands the issue and is prepared to make hard decisions."

Keating stated: "The broad lesson is to inform the public of the problem and then earnestly pursue the remedies. When you're cutting outlays like we were ...

you've really got to want to do this. You've really got to have the skills." He claimed that his May 1986 declaration that Australia could become a "banana republic" unless sacrifices were made, prepared the country for major cuts. "We had to cut public spending across the board—social welfare, business welfare, everything—and seize the initiative to reform."

These "reforms"—first under Hawke with Keating as treasurer (1983–1991), and then with Keating as prime minister (1991–1996)—were the most serious assault on the social position of the Australian working class in post-World War II history.

Paralleling measures imposed by Thatcher in Britain and Reagan in the US, Labor unleashed a ruthless restructuring of the Australian economy. It floated the Australian dollar, deregulated the banking industry—measures resisted by the previous Coalition government of Malcolm Fraser—removed tariffs and privatised the Commonwealth Bank, Qantas and various other state-owned industries.

Under the so-called Prices and Incomes Accords and other corporate agreements with the unions, Labor "reconstructed" key industries, axing hundreds of thousands of jobs and boosting corporate profits. Social welfare was slashed, tighter restrictions imposed on unemployment and other benefits, and the Medicare health insurance tax levy increased.

With full support of the union leadership, wage rates and conditions were tied to enterprise "productivity," rank and file union committees broken up and militant workers victimised and blacklisted. The Hawke government deregistered the Builders Labourers Federation in 1987 and in 1989 mobilised the military to break a national pilots' strike.

During the 13 years of Labor government, the average real income of the bottom 40 percent of Australian households fell by almost \$100 a week. The wages share of gross domestic product dropped from 61.5 percent to less than 55 percent, a transfer of about \$50 billion from workers to the wealthy. Corporate and top personal tax rates were reduced by 16 and 13 percent respectively, deepening social inequality.

The Australian media last week widely featured the Hawke and Keating interviews, hailing the \$5.5 billion they cut from the budget in 1986–87, about \$30 billion in today’s terms, and demanded that the Abbott government do likewise.

The archives “were not historical artifacts with little relevance for the present,” an *Australian* editorial declared on January 1, but contained lessons to be heeded by the Liberal-National Coalition, which had to “curb runaway spending in education, health and social services.” Abbott and Treasurer Joe Hockey had to “grasp the nettle—and quickly—to repair the budget bottom line,” the newspaper insisted. The government “cannot afford to fail.”

The *Sydney Morning Herald* echoed these demands, praising Keating’s measures and urging the government to stop being driven by “focus group politics.” It stated: “The Abbott government has been adept at highlighting the fiscal problems, and sheeting blame home to Labor. But its vision of what kind of economy—and society—it wants to build remains threadbare.”

While Hawke and Keating criticised the Abbott government, they also directed some fire at the current Labor opposition. There were “a lot of ordinary people” in parliament, Keating declared. “I think the experience pool was much broader (in 1986-87) than now.”

Hawke commented: “It’s a problem on both sides.” He added: “It’s more of a problem for the conservative side of politics because Labor still has people who are ideologically driven and are prepared to go in and make sacrifices.”

Hawke called for both parties to support a referendum allowing the federal government to appoint unelected officials to Cabinet. “You would have a limited number of people who could be called in and serve, and be entitled to sit in parliament in respect of any issue concerning their portfolio,” he suggested.

Hawke’s proposal for unelected appointments is a warning of the deeply anti-democratic nature of the agenda being prepared. Australia’s ruling elite will dispense with whatever parliamentary conventions it believes must be cast aside in order to drive up profits. “Technocratic” governments have already been used in Europe to ruthlessly impose the dictates of big business and the banks. The 2011–13 Italian government of Mario Monti consisted entirely of unelected officials—financial “advisors,” so-called technocrats and other representatives of Italian capital.

Hawke’s call for unelected cabinet ministers is based on the recognition that there is a widespread and growing popular hostility toward the entire political establishment. As a former head of the Australian Council of Trade Unions, he also knows that the unions—the crucial enforcers of his government’s “free market” assault—are deeply discredited in the working class as well, and that other, extra-parliamentary, methods are needed to inflict a reduction in working class living standards that will go far beyond that imposed in the 1980s and 1990s.

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