Australian treasurer calls for “a global age of responsibility”

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Speaking in Washington on the eve of World Bank and International Monetary Fund (IMF) meetings, Australian Treasurer Joe Hockey this week called for a deep structural assault on retirement pensions, welfare and public services.

Proclaiming the need for a “global age of responsibility” and “global action to end the age of entitlement,” Hockey outlined the demands of the IMF and the international financial elite for historic reductions in social programs, healthcare and living standards, especially for retired workers.

Speaking in his capacity as chair of the G20 finance ministers this year, Hockey outlined the agenda for the next stage of the corporate offensive against the international working class and pledged that next month’s annual Australian budget would demonstrate the Liberal-National government’s commitment to play its part.

Hockey declared that Australia might have seemed like “the Lucky Country,” with 22 years of continuous economic expansion, but that period was over. “Achieving long-run fiscal sustainability will require winding back some spending that our populations have come to take for granted,” he said.

Just hours before Hockey spoke, the IMF Fiscal Report warned that Australia’s healthcare and pension spending, based on current settings, would grow by an extra $93 billion a year by 2030. “As the IMF warns, the Australian government must make some difficult decisions,” he stated.

Pointing to the worsening impact of the 2008 global economic breakdown, the treasurer said the Australian government was “now grappling with growth stubbornly below trend as our economy rapidly transitions from the end of the resources investment boom, with rising unemployment and a deteriorating budget position.”

A day before Hockey’s speech, the IMF sharply lowered its growth forecast for Australia, from 2.8 to 2.6 percent for this year, and 3.0 to 2.7 percent for next year, because of the continuing world slump. The IMF warned that global commodity prices (excluding oil and gas) would fall further, by 3.5 percent this year and 3.9 percent next year.

The treasurer vowed that next month’s budget would unveil the Australian government’s “economic action strategy” to meet the IMF’s demands for budget deficit reductions. He set out “key principles” that included stopping welfare being a “cargo net,” abolishing the “entitlement culture” and “encouraging” all members of society to enter the workforce, regardless of age or disability.

Hockey reported that the IMF had urged government to consider increasing the pension age, with the IMF noting that “age-related spending for public pensions and health care is often the largest item in government budgets, accounting for 40 percent of primary spending in advanced countries and 30 percent in emerging markets, on average.”

Hockey did not specify a higher retirement age, but with the previous Labor government having already started to raise the age from 65 to 67 by 2023, there has been media speculation that this will be lifted to 70.

Such a move will literally force workers to keep working until they drop, and sentence them to worsening poverty. Already, according to the Organisation for Economic Cooperation and Development (OECD), 35 percent of over-65s live in poverty in Australia, almost three times the average for the OECD’s 34 members.

Because of the compulsory superannuation scheme imposed by the Keating Labor government in

1993—compelling workers to pay for their own retirement—the OECD estimates that Australia spends less on pensions, compared to gross domestic product than all other OECD members, except for Iceland and Mexico.

Nevertheless, Hockey contemptuously portrayed retired workers as an unsustainable burden on society, claiming that they constituted part of a "major demographic bulge" threatening all the world's economies. By 2050, he complained, citing UN statistics, over 65s would number 336 million globally.

Hockey declared that in Australia, the number of people of working age to support the over-65s would halve by 2050, and "this will inevitably have an impact of the affordability of health care, aged care, pensions and discounted services for older communities."

This is a monumental fraud. The government is using the "demographic bulge" as the pretext for accelerating the process of making deep inroads into social spending in order to provide huge tax concessions to corporations and the wealthiest layers of society.

As part of the global competition for investment, Australian governments, Labor and Coalition, have slashed corporate and income tax rates over the past three decades and contributed to the present budget deficit. Now, Hockey is foreshadowing even greater tax cuts, in order to create a "competitive" economy.

Australia's corporate tax rate, which is already due to be reduced further to 28.5 percent by next year, is now much higher than Britain's (20 percent from 2015) or Singapore's (17 to 19 percent). Australia's top income tax rate, of 45 percent, far exceeds Singapore's 20 percent.

Further tax-cutting will drive an ever-deeper social assault, corporate deregulation and wage-cutting. Hockey's "key principles" also included "improve competition and efficiency in the delivery of healthcare," remove "red and green tape" and "deliver greater workplace flexibility."

On each front, the Liberal-National government will intensify the attacks initiated by the previous Labor governments, which stripped away sole parenting benefits, imposed "national efficiency prices" on hospitals to slash costs and shift services to corporate operators, and worked with the trade unions to enforce mass retrenchments and dismantle working conditions.

Hockey said the Australian government was committed to "making the necessary decisions essential for fiscal repair while still supporting and encouraging economic growth."

In plain language, on the pretext of enhancing "growth," Hockey pledged to keep slashing social spending and corporate taxation in order to drive up profits and share prices, at the expense of the living standards and basic rights of workers, pensioners, welfare recipients and public services.

Speaking for the financial and corporate elite, today's editorial in the *Australian Financial Review* praised Hockey for "laying it on the line." It urged him to "ramp up the pre-budget debate and then win it."

Moreover, Hockey's outline for a relentless assault on the social position of the working class in Australia is the model being demanded by global finance capital in every country. In the name of boosting growth, the G20 is setting out an agenda to sweep away the last vestiges of the post-war welfare state.

The author also recommends:

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