

Australian budget ends “Age of Entitlement”

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This week’s Australian budget is a stark warning to workers internationally of the sweeping social reversal being demanded by international financial capital in every country. In what has been depicted as the “lucky country,” which seemed to escape the 2008–2009 global financial crisis, the framework has been set for dismantling every aspect of the welfare state established following World War II.

The Abbott Coalition government’s first budget will have an immediate impact on the lives of every section of the working class, especially the most impoverished. The screws have been tightened on welfare payments across the board to ensure that the unemployed, the disabled and the elderly wait longer, receive fewer benefits or get nothing at all. Working-class families are being stripped of tax concessions. The principle of “user pays” has been extended to visits to the local doctor and other medical services, as well as to giving universities free rein to make massive increases in student fees.

The budget sets a number of new benchmarks that will be exploited to impose similar measures internationally.

* The pension age will be progressively lifted over time to 70—an unprecedented measure in an advanced industrialised country. Many elderly workers, physically unable to work or who cannot find a job under conditions of mass joblessness, will be condemned to years of destitution on unemployment benefits.

* In a return to the Depression-style regime of the 1930s, the young unemployed, under the age of 30, will be forced to wait for six months without any income at all before becoming eligible to “work for the dole.” The government is ending the long-established right in Australia and much of Europe to some social support, limited though it might be. Young people are to be marshaled, either as a cheap labour force to batter down

wages throughout the workforce, or for economic conscription into the military.

The budget has a far broader significance, however. In his speech to parliament, Treasurer Joe Hockey declared that the “Age of Entitlement” was over. In other words, no one should any longer expect governments to provide essential social services, such as education and health care, or assist the most vulnerable layers of society. Instead, the onus is on individuals to provide for themselves. This is nothing but the law of the capitalist jungle, which ensures wealth and opportunity for the few and consigns the majority of society to a desperate struggle for survival.

Hockey is speaking on behalf of finance capital, in Australia and internationally, which regards all social programs and welfare measures, indeed any public spending at all that does not open up new business opportunities, as an intolerable deduction from profits. Budget outlays must be reduced to make way for lower taxes on business and high-income recipients. Insofar as government spending is necessary, it should be paid for from regressive taxes, such as the Goods and Services Tax that hit those on low incomes the hardest.

As opposition treasury spokesman, Hockey spelled out this agenda for the wholesale restructuring of social relations in a 2012 speech on “The end of the age of entitlement”—appropriately in London, one of the world’s top financial centres. Railing against “extraordinary” and “unsustainable” levels of public spending, he pointed to Hong Kong as the model for the future. After marvelling at Hong Kong’s low corporate and income taxes, and a society where “social welfare is largely unknown,” he declared: “The system there is that you work hard, your parents look after the kids, you look after your grandkids and you save as you work for 40 years to fund your retirement.”

What Hockey was elaborating openly and unashamedly, and is now implementing, is the agenda

of social counter-revolution of the financial and corporate elites in every country. The myths of Australian exceptionalism have been shattered by the economic downturn in China that has ended the boom in Australian mineral exports and led to rising unemployment and falling growth rates.

In his budget speech, Hockey declared that the Australian economy had to meet the challenges of “the emerging competition in Asia.” Above all, for Sydney and Melbourne to compete with international financial centres such as Hong Kong, all social entitlements have to be slashed to make way for huge reductions in taxes for corporations and the super-rich. This is not just the program of the Abbott government, but of the whole political establishment. The foundations for the present budget were laid by the previous Greens-backed Labor government, which had already begun to lift the pension age and axe welfare benefits.

The budget’s deep inroads into living standards underscore the incompatibility of the basic social rights of the working class with the capitalist system. All the social democratic and reformist nostrums about taxing the rich to assist the poor are nothing but confidence tricks. In the lead-up to the budget, the Abbott government’s plan for a temporary 2 percent levy on incomes over \$180,000 provoked an outpouring of enraged opposition from the financial elites. Any government that imposed a real impost on the super-wealthy would confront a “slave-holders’ revolt” and be removed from office.

The program of austerity is intimately related to the drive to war. One of the few budget items to increase was defence, in line with the bipartisan goal of lifting military spending to 2 percent of gross domestic product. The increase is part of Canberra’s commitment to the Obama administration’s “pivot to Asia” and US preparations throughout the region for war against China. The interests of Australian financial elites are completely bound up with Wall Street and continued US hegemony in Asia and internationally.

The agenda of social counter-revolution and war cannot be imposed democratically. In his 2012 speech, Hockey noted: “It is not popular to take entitlements away from millions of voters in countries with frequent elections.” From this flows the obvious conclusion: if people will not vote to do away with their entitlements, then elections and the whole rigmarole of parliamentary

democracy should be abolished.

The working class in Australia and around the world should begin drawing its own conclusions. If capitalism has nothing in store but war and the Dickensian world of 19th century Britain, then it must be abolished and replaced by a society structured on socialist principles to provide for the needs of the majority, not the super-profits of a wealthy few.



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