

Australia: Labor opposition pledges to match government's budget austerity

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Delivering his budget reply address to the National Press Club in Canberra yesterday, the Labor Party's shadow treasurer laid bare the cynical political calculations behind his party's posturing as an opponent of the austerity program laid out in the Liberal-National government's budget last week.

Speaking to a well-heeled audience of media and corporate representatives, Chris Bowen vowed that a Labor government would make the "tough decisions" to match the spending cuts unveiled by the Abbott government, but without triggering the eruption of popular hostility that now threatens to get out of the control of the political establishment.

Bowen boasted that the previous Labor government, in office from 2007 to 2013, had a proven track record of imposing the dictates of the financial elite to slash public spending, without setting off a social explosion. In government, Bowen recalled, "we delivered \$180 billion in savings"—including cuts to welfare benefits, family tax concessions, aged care programs and pharmaceutical and medical expenses subsidies.

In his most revealing comments, replying to a journalist's question, Bowen explained why Labor leader Bill Shorten put on a confected display of outrage when responding to the budget in parliament last Thursday. "Imagine if Bill Shorten had stood up in parliament last week and said: 'Well, we don't like it, but we'll pass the budget.' You and millions of Australians would be asking: 'What does Labor stand for?'"

Bowen declared that Labor had to show that it stood up for the "jobless, pensioners and working families," because this was the party's task: "to represent them in parliament." In reality, Shorten's posturing was a desperate bid to shore up support for a party whose vote sunk to record lows last September amid intense

hostility to the Labor government's anti-working class measures. At the same time, Labor is seeking to divert popular opposition to the scrapping of welfare entitlements and ruthless corporate restructuring into safe parliamentary channels.

As Bowen spoke, further analysis by the National Centre for Social and Economic Modelling (NATSEM) highlighted the budget's social inequity that has provoked widespread shock and opposition. According to NATSEM's figures, the poorest 20 percent of households—those with \$35,000 or less in disposable annual income—will lose \$2.9 billion over four years due to changes in family benefits, pensions and other payments. By contrast, the wealthiest 20 percent, taking home \$88,000 or more after tax and benefits, will lose \$1.78 billion—some 40 percent less than the lowest income families.

This gap will widen over time. By 2017-18, the year the government's temporary 2 percent levy on high incomes expires, the richest fifth of households will be better off by \$825 million. Low- and middle-income sole parents will suffer worst of all, losing 10 to 15 percent of their annual income—\$4,000 to \$6,250—on earnings of less than \$60,000 by 2017-18.

At the National Press Club, Bowen was speaking to Labor's real constituency, the corporate and media ruling circles. His speech received little coverage in the mass media, because its message was the opposite to the public rhetoric delivered for electoral purposes by Shorten.

Responding directly to criticism by Murdoch and Fairfax media outlets that Labor had not spelled out its alternative budget cuts to match the government's, Bowen emphasised that Labor would behave "very responsibly." It would vote for more than half the budget spending and revenue measures, baulking only

at those regarded as “unconscionable.”

The shadow treasurer complained that the Abbott government’s “broken promises,” made during last year’s election campaign, not to slash health, education and pensions, had aroused community anger and robbed the government of “its moral authority.” Bowen claimed that had the Liberal-National Coalition been “honest,” voters would have been supportive. He recalled Labor’s “track record of finding savings,” including by raising the pension age to 67.

Bowen insisted that Labor could offset the measures it promised to oppose by scrapping Abbott’s paid parental leave scheme and retaining the carbon and mining taxes. He also indicated that Labor would vote for the short-term 2 percent tax levy on those receiving more than \$180,000 a year, despite having rejected such a proposal while in office because “you can’t just hit high income earners.”

Bowen was clearly making a pitch for big business support. He echoed the fury in corporate boardrooms over the tax levy and the parental leave scheme, which is partly financed by a 1.5 percent tax on large companies. As for the mining tax, Labor signed a pact with the biggest mining companies to ensure that it raised virtually nothing, while other sections of business still back the retention of Labor’s carbon pricing scheme as a means of boosting carbon trading and the “green energy” industries.

When asked what tax policies Labor would take to the next election, Bowen said the party was considering a “range of options” and he had held preliminary consultations with business and chief executives. He reiterated Labor’s history of outdoing Liberal-National governments in implementing “structural savings to the budget.”

Bowen’s reply to the budget underscores the political con-job being perpetrated by Labor and its allies, such as the trade union apparatus and the Greens. At last weekend’s Labor state conference in Victoria, party leader Shorten demagogically proclaimed that Labor “has its voice back” because the “terrible budget” had “defined the Labor Party.”

Shorten urged party members to try to capitalise on the public anger by being seen to “fight” the budget’s most savage measures. That message was reportedly repeated during a national phone hookup of federal Labor MPs this week, directing them to set up mobile

offices in their electorates to appear to be responding to the backlash.

At the National Press Club and other elite gatherings, Labor is pledging its services to help pass the budget, with some modifications, and vowing to deepen the corporate assault under a future Labor government. In these ruling circles, Labor’s plea is that it remains the political instrument required, in partnership with the unions, to avert the eruption of working class struggle.



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