

Australian government faces parliamentary logjam over austerity budget

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The Abbott government is facing a parliamentary crisis over its May 13 budget, with opposition parties declaring their intention to vote against key aspects of its sweeping austerity measures. While the ruling Liberal-National Coalition controls the lower house of parliament, it does not have a majority in the Senate, the upper house.

The budget, drawn up at the behest of the corporate and financial elites, contains a series of savage spending cutbacks. More fundamentally, it sets the stage for dismantling the framework of the welfare state established following World War II. It seeks to lift the age for the retirement pension to 70, end all benefits for young unemployed people for six months, impose a \$7 co-payment to visit a doctor or access diagnostic services, slash \$80 billion from the states for education and health care over the next 10 years, as well as wind back welfare payments for families, the disabled and the unemployed.

The Abbott government had calculated that the new Senate, which will be installed on July 1 and begin sitting on July 7, would be more amenable to passing the budget than the old one dominated by the Labor Party and the Greens. The Coalition holds 33 of the 76 seats and needs another six votes to pass legislation. Abbott counted on support from so-called crossbenchers—three members of the Palmer United Party (PUP) and their ally from the Motor Enthusiasts Party, along with three senators from other right-wing parties, Family First, the Democratic Labour Party and the Liberal Democratic Party.

Such has been the popular opposition to the budget, however, that none of the opposition parties can politically afford to openly embrace it. The latest Fairfax-Nielson media poll, which is a pale reflection of public hostility, found that 61 percent of those

surveyed believed the budget was “unfair.” Abbott registered a net approval rating of minus 25 percent.

All the opposition parties are caught in a dilemma. They are well aware that the corporate elite is demanding that the austerity agenda that has been imposed in Europe be implemented in Australia, amid growing concerns about the end of the mining boom, mounting signs of recession and fears of renewed global financial instability. At the same time, to support the draconian budget measures is electoral suicide.

The Labor Party was thrown out of office in last September’s election, receiving its lowest vote in 110 years after implementing deep budget cutbacks—the largest in the post-war period. While quietly signalling to big business that it is more capable than the Coalition of carrying out the corporate agenda, Labor has been compelled—for its own electoral survival—to posture as an opponent of the budget.

Opposition leader Bill Shorten told parliament this week that Labor would oppose \$11.4 billion out of a total of about \$15 billion in social spending cuts. This includes rejecting the \$7 medical co-payment, the lifting of the pension age to 70, cuts to youth unemployment benefits, new work-for-the-dole requirements on young people, eligibility restrictions on benefits on self-funded retirees and cuts to some Family Tax Benefit payment rates.

Likewise the Greens, which supported the previous minority Labor government and voted for all its budgets, have declared their opposition to much of the budget. The party has even announced its intention to vote against the restoration of indexation for the federal fuel excise—meaning higher petrol prices, which is in line with Greens policy, but deeply opposed among working people.

The Greens also presented themselves to big business

at the last election as the party of parliamentary stability. While publicly declaring her opposition to the budget, Greens leader Christine Milne has reaffirmed her intention to do everything possible to avoid a parliamentary crisis.

Speaking in the Senate this week, Milne reported that Greens' offices were being constantly contacted by people who "tell us every day that they cannot afford it [the budget]." She then declared that the Greens would not block the budget, saying: "The Greens are here as very strong and reliable people in this parliament... We are going to vote down every one of their cruel budget measures that come through this place, but we are not going to cause a constitutional crisis."

The government was counting on the PUP, headed by the multi-billionaire mining entrepreneur Clive Palmer. If Labor and the Greens vote against government proposals in the Senate, the Coalition needs PUP support to pass its legislation. But Palmer, a right-wing populist, has also declared his opposition to some of the welfare cuts. It is a measure of the developing crisis that the standoff over the Senate logjam has propelled Palmer to political centre stage.

The past two days have been dominated by Palmer's antics over the government's plans to repeal the previous Labor government's carbon tax—a measure designed, not to halt global warming, but to open up lucrative new opportunities in carbon trading for finance capital. Abbott and the Coalition exploited the issue during the election, well aware that the tax was hitting working people hard.

For the same reason, Palmer opposed the carbon tax during the election campaign. However, he was determined to extract his pound of flesh from the government in return for the PUP's Senate votes. He insisted that the repeal legislation contain a clause forcing power companies to pass on reduced costs to consumers.

At the same time, noting widespread public concerns over climate change, Palmer roped in former US vice-president and climate campaigner Al Gore for a joint press conference in parliament house to announce the PUP's policy. Palmer called for another market-based mechanism—an emission trading scheme—to be activated only if Australia's main trading partners established similar schemes. Gore, who has yet to explain if he was paid for his appearance, ludicrously

described Palmer's proposal as an "extraordinary moment in history."

The reaction in business circles has been one of deepening frustration. Today's *Australian Financial Review* editorial complained that "Australian politics is degenerating into a series of stunts and theatrics, designed to play to the electorate." The comment points to the crisis not only of the government but of the entire parliamentary system—the impossibility of big business governments, whether Coalition or Labor, to maintain popular support for policies that are antithetical to the interests of the vast majority of working people.

Such is the popular alienation and hostility to the political establishment that the last election reproduced in a different form the instability of the previous Greens-backed minority Labor government. While voters wanted Labor out, they had no great faith in Abbott and cast their Senate ballots for a plethora of minor parties in protest.

The danger for the ruling class is that this widespread inchoate anger will begin to take the form of an independent movement of the working class animated by a socialist perspective against the capitalist system and all its representatives. The crucial role in blocking the development of such a movement is being played by the trade unions, aided by various pseudo-left organisations, such as Socialist Alternative and Socialist Alliance, that are working overtime to channel the discontent back into the parliamentary arena by campaigning for the return of a Labor-Greens government that would only impose the same social counterrevolution.



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