

Australian budget impasse continues

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With just over a week to go before the Australian parliament reconvenes after its winter break, the Abbott Liberal government appears to be no closer to having a series of spending cuts passed by the Senate.

While the government is able to continue because the appropriations bill covering its expenditure was passed by the Senate at the end of June—with no votes in opposition—it has not been able to secure the passage of cuts estimated to be around \$40 billion, which require new legislation.

Labor and the Greens formally oppose the measures as they now stand—having ensured by their earlier vote that the government itself is not threatened—and so the government needs the support of members of billionaire Clive Palmer's Palmer United Party (PUP) in the Senate to get legislation through.

Treasurer Joe Hockey has been travelling around the country during the parliamentary recess to meet with cross-bench senators to try to secure their support. While negotiations will continue up to and beyond the reconvening of parliament next Tuesday, Hockey has so far failed to win any firm commitments and the whole enterprise blew up in his face last week during a radio interview in Queensland.

With the budget cuts being widely denounced as unfair because they almost entirely fall on the lowest income earners and pensioners, Hockey claimed that the proposed reintroduction of indexation of a fuel excise levy would not hit poor people.

"The people that actually pay the most are higher income people.... Well the change to the fuel excise does exactly that; the poorest people either don't have cars or actually don't drive very far in many cases," he said.

His remarks sparked a storm of opposition. As it was pointed out, the increase in the tax was regressive, because lower income earners pay a higher proportion of their income on fuel, often live in areas poorly

served by public transport and so are more dependent on their cars for transport.

Hockey, however, continued to defend his comments, producing Treasury figures showing that higher income earners would pay more tax and completely ignoring the regressive character of the measure.

With things going from bad to worse, Prime Minister Tony Abbott decided to intervene. Asked on Friday if he supported Hockey's remarks, Abbott replied: "Well plainly, I wouldn't say that." Stronger words were no doubt used in Abbott's private discussions with Hockey.

Education Minister Christopher Pyne offered "full support" to the embattled treasurer but declined six times to endorse the remarks of his cabinet colleague.

Reports began circulating in the media that members of the Liberal Party were raising concerns about how Hockey was conducting the "sell the budget" campaign and the nature of the advice he was receiving. With speculation mounting about how long he could continue in the post, Hockey took Abbott's public dressing down as his cue to try to make an "apology."

Having stridently defended the remarks for two days, he used a radio interview to reverse course. During the interview he used the words "sorry" and "apologise" eight times, insisting that he had no "evil intent." He declared that "all my life I have fought for and tried to help the most disadvantaged people in the community."

The "apology" has not cut much ice as it was clear that Hockey was motivated solely by his desire to save himself. The question of whether he should be removed was clearly raised but rejected because such action would lead to a major crisis for the government.

In a piece published on Saturday, Paul Kelly, the chief political commentator for the *Australian*, wrote that the idea that Hockey might be removed was a "fantasy" because "it would send the Liberal Party into a tailspin that would finish the government."

In other words, Hockey continues on because the alternative is a kind of “nuclear option”—mutually-assured destruction for the government.

Kelly’s article also pointed to a key point of Abbott’s strategy in the face of the groundswell of opposition to a budget perceived as unfair and adding to already high levels of social inequality. Abbott, he noted, would seek to stay strong on the need for “budget restoration” and operate as a “national security guardian.”

Kelly’s comments point to the underlying reasons for the increasingly bellicose remarks and actions of the Abbott government over the past weeks. Abbott eagerly seized on the Malaysian Airline MH17 disaster to issue strident denunciations of Russia and its president Vladimir Putin. Australia sponsored the UN resolution to authorise an international inspection team to investigate the crash site. According to some media reports, however, Abbott wanted to go even further and put 1,000 troops on the ground around the site.

The government has used the publication of a photograph of a seven-year old boy, the son of an Australian fighter in Syria, holding up the severed head of a Syrian soldier to push for the adoption of more extensive “anti-terror” legislation which further attacks fundamental democratic rights.

Abbott responded to the resumption of US military activity in Iraq by playing the military card and providing Australian support while refusing to rule out the use of Australian troops.

This indicates that just as other governments are seeking to deflect rising social tensions at home into military actions that threaten war, so the Liberal government is pursuing the same course.

While attention has mainly focused on Hockey’s efforts to persuade the PUP and other cross-bench Senators to back the government, the fate of the austerity program lies centrally with the Labor Party and to a lesser extent the Greens.

The Labor Party has no disagreement with a program of swingeing budget cuts, recognising that this is one of the key demands of the ruling financial elites. Labor spokespeople have taken every opportunity to make clear that while in office Labor delivered \$180 billion worth of cuts. Moreover, it was prepared to “wave through” measures in the present budget, only deciding to oppose them as public opposition mounted.

The last thing the Labor Party is seeking is a budget

crisis that would see the Abbott government forced out of office on a wave of opposition to its austerity agenda, given that Labor has the same program.

Accordingly Labor leader Bill Shorten has not been calling for the ousting of the government. Rather, the Labor Party insists that the government must go back and redraft the budget. That is, it should either withdraw or modify the most contentious cuts and introduce other austerity measures which Labor would then support.



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