Australia: Opposition Labor Party votes for deep budget cuts

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Just a day after Treasurer Joe Hockey declared that greater social spending cutbacks would be imposed to cover the costs of the war in Iraq and Syria and the domestic "anti-terrorism" measures, the Labor Party opposition voted with the Abbott government to support the first instalments of its welfare cuts.

Unable to get all its May budget measures passed immediately, the government has begun hiving off aspects of them into separate legislation. In the House of Representatives yesterday, Labor backed bills that will severely affect working class families, students and disabled workers, enabling the legislation to pass in a single day. Altogether, the bills slash benefits worth $2.7 billion over four years, mainly targeting some of the most vulnerable members of society.

Among the harshest measures are the scrapping of scholarships for university students moving within and between major cities, which are worth $400 million over four years, and the "reviewing" of disability support pension (DSP) recipients under 35 years of age to determine whether they have "some capacity to work."

Thousands of disabled workers will face "reviews" aimed solely at forcing them off DSP payments, which can amount to a miserable $400 a week for single people, and onto poverty-level Newstart unemployment benefits, which are around $250 a week.

Newstart allowances carry onerous "work test" obligations. Recipients are cut off benefits unless they endlessly apply for jobs—which they have no hope of obtaining, because of rising joblessness. Even according to the official understated statistics, the combined unemployment and under-employment rate stands at a 16-year high of 14.6 percent, which means that about 1.5 million people are looking for work or more work.

The DSP "reviews" will sharpen the assault on the disabled that began under the previous Labor government, which introduced draconian eligibility tests. As a result, already one in four people on Newstart has a significant disability, according to official estimates. Labor began the broader dismantling of welfare entitlements by pushing all sole parents off their benefits and onto Newstart—a fate that now confronts disabled jobless workers.

Labor's votes also secured bills reducing the income test for Family Tax Benefit B from $150,000 to $100,000, and limiting the FTB-A large family supplement to families with four or more children. Almost half a million families with a stay-at-home parent will lose Family Tax Benefit B. Those excluded will be mainly working and lower middle class families.

After months of posturing as a champion of the mass opposition to the budget, Labor leader Bill Shorten claimed that these measures represented a victory. He described the agreement as a "retreat" by the government that "destroys the credibility of the Budget and destroys the credibility of the Prime Minister."

In reality, the Labor-government package is only the start of a series of sordid backroom deals to deliver on the demands of the corporate elite for root-and-branch social spending cuts, and to finance the war abroad and the "war on terrorism" at home.

A similar package is being touted on higher education, based on a so-called compromise that will deregulate university fees, sending them soaring, but postpone plans to impose interest payments on student fee debts.

Government ministers also hope to finalise a possible pact with the Greens that will hit about 294,000 elderly people who do not qualify for the age pension. They

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will lose a seniors' supplement worth $886 a year for singles and $1,300 for couples.

Mining magnate Clive Palmer and his Palmer United Party (PUP) senators are equally anxious to strike bargains with the government, as they have already done on the repeal of the so-called mining and carbon taxes.

While cutting the deal with Labor, Treasurer Hockey and Prime Minister Tony Abbott reiterated their determination to push ahead with the full agenda set out in May's budget. This includes forcing young people to wait up to six months for Newstart payments, imposing $7 upfront payments to see doctors, raising the retirement age to 70 and reducing the annual indexation rates for pensions.

Hockey rejected a front-page report in the *Australian Financial Review* complaining that he was in "retreat" on the budget measures. Choosing a military analogy, he declared: "The bottom line is: if you can win a battle, you take that victory, but you never give up on the war." Abbott restated the government's commitment to the budget. "We don't walk away from anything—we stand by everything," he said.

Earlier, on Wednesday, Hockey announced that more budget cuts were being drawn up to cover the estimated $500 million a year cost of the deployment of troops and war planes to join the US-led war in the Middle East, and the government's $630 million four-year funding increase for the security services to combat "the threat of terrorism." Hockey will unveil these cuts in the mid-year budget update, due in December.

Labor has unequivocally backed the higher military and spy agency spending. As the WSWS foreshadowed last week, it did not take long for the unity on the war and terrorist scare campaign to extend to a partnership on the budget.

Billions of dollars are now being poured into military hardware, war deployments, the police and the intelligence apparatus, yet there is "no money" to provide basic social rights and services for retired workers, working-class families and students.

When it comes to making the working class pay the price for the deteriorating economic situation, and the escalating militarism, there is no disagreement within the parliamentary establishment, and that includes the Greens.

While the Greens criticised yesterday's Labor-government vote on the welfare bills, they also portrayed it as a victory. Senator Rachel Siewert, the Greens' community services spokesperson, stated: "We have seen thousands of people rallying against Tony Abbott's cuts and joining the Bust the Budget campaign, and today's back down from the Government is an important win."

In reality, the organisers of those rallies promoted the illusion that Labor, the Greens and others, such as Palmer's PUP, could be relied upon to block the budget or defeat its key cuts. These formations are now lining up to help the government get major aspects of its budget into law.

The Greens themselves are ready to strike similar deals, including on seniors' payments and universities. Already, at the end of June, they joined hands with Labor to pass the budget's main appropriation bills, which contained multi-billion dollar cuts to social spending, as well as huge boosts to military expenditure. Labor and the Greens said blocking the budget would cause a political crisis that could destabilise parliamentary rule.

In other words, the fear preoccupying the parliamentary elite for months is that the immense public hostility to the May budget could erupt out of its control. Now that the initial mass protests against the budget have dissipated, the various parties are showing their true colours.

Despite yesterday's vote, however, the political crisis revealed by the budget is far from over. In fact, the budget deficit is rapidly blowing out further because of plunging export commodity prices, amid warnings of a global crash that could exceed that of 2008. And the costs of the war in the Middle East are certain to rise.

The financial elite and its media mouthpieces are ratcheting up their demands for the government to find ways to inflict a more far-reaching austerity program. "This is only the beginning of the government's real-life problems with the budget," News Corp's Steven Scott insisted today.

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