Australian government confronts deepening political and economic crisis

Mike Head
2 December 2014

Australian Prime Minister Tony Abbott staged a desperate and self-contradictory media conference yesterday. It was an attempt to "reset" his government in the face of mounting public hostility, a rapidly deepening economic crisis and intensifying pressure from the corporate and media elite to deliver the austerity agenda that it requires.

With barely 15 minutes' notice to the Canberra parliamentary press gallery, Abbott held the longest-ever media conference of his prime ministership. His first such solo event in months, it was a 50-minute effort to deal "head on" with the ever-more visible disarray of his government.

The prime minister's extraordinary performance came in the wake of last Saturday's defeat of his ruling Liberal-National Coalition in state elections in Victoria, which raised the spectre of Abbott's own federal government suffering the same fate. Widespread discontent with his government played a major role in the Victorian loss, which saw a one-term government lose office in that state for the first time in nearly 60 years.

Abbott boasted that his government still had the "guts, commitment and strength of character" to push through the corporate agenda, including key spending cuts to health, education and welfare from last May's budget, which remain stalled in this week's final parliamentary session for the year.

The prime minister vowed to pursue the budget's plan to impose a $7 upfront fee to see a doctor, despite it being blocked in the Senate. Only last week, Abbott informed the media, via his office, that the fee was one of a number of "barnacles" that the government would strip off its ship before the end of the year. His apparent abandonment of the fee reportedly triggered a rift with several senior cabinet ministers, none of whom had been consulted.

Repeatedly putting his hands on his chest throughout his media conference, and saying "the buck stops with me," Abbott said he was "the first to admit that last week was a bit of a ragged week." Yet he insisted: "Whatever faults this government has, no one can accuse us of lacking courage."

While restating his determination to "take the barnacles off" his government, Abbott insisted that it would "absolutely" stick to its "Plan A" to try to get all its budget measures through parliament, including the deregulation of higher education, which will see fees soar at universities and vocational colleges.

Abbott brazenly admitted to breaking election promises, most notably by slashing funding for the country's two public broadcasters, but flatly declared that the broken vows were necessary because "things have moved on, circumstances are different."

Yesterday's media event also came amid plunging prices for Australian capitalism's major exports—coal, iron ore and liquefied natural gas (LNG)—and numerous warnings that the nation's income and budget revenues are falling far faster than previously imagined.

Just 24 hours before Abbott spoke, Deloitte Access Economics declared that "the budget is burning" through a combination of falling commodity prices, lower tax receipts, slow wage growth and political deadlock over budget savings measures.

The firm predicted that this financial year's deficit will be $34.7 billion—$4.9 billion worse than the May budget's forecast of $29.8 billion. It forecast a $47 billion deficit blowout over the next four years, shredding the government's pledge to the financial markets to balance the budget by 2017-18.

An unnamed "senior government source" told the Australian Broadcasting Corporation that the figures

© World Socialist Web Site

would be even worse. Revenue would be affected by the tumbling iron ore price, which was likely to be written down to around $60 a tonne, roughly 40 percent lower than the budget's estimate.

What the *Australian Financial Review* today called "the dramatic plunge in global oil prices" is also undercutting the financial prospects of massive LNG and other energy projects. Bank of America Merrill Lynch chief economist Saul Eslake forecast that tomorrow's national accounts will reveal an "income recession"—two successive quarters of declining gross domestic income.

Under these conditions, the corporate media's response to Abbott's press conference generally ranged from sceptical to scathing. "Abbott in Wonderland" was the title of a comment by *Australian Financial Review* political editor Laura Tingle. His attempt to appear tough did "nothing to persuade voters who were listening that the government has, indeed, got its policy settings right."

Several editorials went further, pointing to an underlying political crisis afflicting not just Abbott's government but the entire parliamentary system.

The *Australian* ran two editorials. One welcomed the fact that Abbott was at least "listening" to its editorial of 10 days earlier, which had insisted that he "must regroup, trust himself and speak with purpose." At the same time, it laid down the law again. Having last week questioned whether Abbott was "hard enough" for the job, the newspaper suggested that if Treasurer Joe Hockey were not "hungry enough for the task," he should hand over to Communications Minister Malcolm Turnbull, whom Abbott narrowly deposed as Liberal Party leader five years ago.

The editorial reiterated that Abbott's government must deliver "vital reforms—taxation, social welfare, federalism and workplace relations." For this agenda, which amounts to a further wholesale assault on the living standards and basic rights of the working class, the *Australian* said the government needs a second term in office, but "unless it learns to make its case more strongly and present a more cohesive agenda of reformist policies, it could squander the mandate it was given."

The second editorial was headlined "Failure of our political culture." It denounced the failure of the "faltering political class," including Abbott, to overcome "a national denialism about living beyond our means," accompanied by "juvenile paeans to fairness." No more opportunities must be "squandered" to tell voters that "the party is over." Alleged "rampant spending" had to stop on "pensions, hospitals, Medicare, childcare, schools, universities, family payments and disability."

Likewise, today's *Australian Financial Review* editorial was titled "The crisis of Australian politics." It questioned Abbott's capacity, despite his "long press conference," to avoid the fate of the Victorian government by persuading voters of the need for "difficult decisions." It condemned the "voters of Victoria" for not heeding the collapsing commodity prices and denounced the "circus of the federal Senate" for "frustrating" the Abbott government's budget cutting.

These distinctly anti-democratic rumblings reflect growing frustrations in the ruling class with the parliamentary instability produced in large part by the discontent and opposition in the working class. The previous Labor government had two changes of leadership—from Kevin Rudd to Julia Gillard then back to Rudd. Hostility to the manner in which Gillard ousted Rudd in an inner-party coup in June 2010 resulted in the first hung parliament in 70 years and a Greens-backed Labor government.

Abbott won the 2013 election on a wave of opposition to the broken promises and austerity measures imposed by the Labor government. The deep disaffection among voters was expressed, however, in a fractured divided Senate in which the government lacks a majority. Having taken office just 14 months ago, the viability of the Coalition government is now being seriously questioned in ruling circles.

To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact

© World Socialist Web Site