

Labor vows to outdo “debt reduction” in Australian state election

Mike Head
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Under conditions of a worsening economic downturn nationally, the official campaign for the January 31 election in the Australian state of Queensland has turned into a contest between the main parties over which can cut government spending the fastest, at the expense of jobs and basic services, in order to satisfy the financial markets.

While the Liberal-National Party (LNP) government of Premier Campbell Newman, backed by the Abbott federal government, is basing all its campaign promises on hopes of raising \$37 billion by privatising public assets, the Labor Party has vowed to eliminate state debt even faster by downsizing government enterprises and diverting their profits from social spending into debt repayments.

At last Friday’s release of her party’s “fiscal strategy,” state Labor leader Anastacia Palaszczuk pledged to outdo Newman’s government by eliminating \$12 billion in debt over 10 years. She attacked the LNP government from the right, accusing it of promising too much spending, based on a one-off “sugar-hit” delivered by asset sales.

Shadow Treasurer Curtis Pitt declared that Labor would save \$150 million a year by merging and restructuring the state’s three electricity distribution businesses—Ergon, Energex and Powerlink—as well as the two power generators, CS Energy and Stanwell. Labor would also “quarantine” 66 percent of these enterprises’ dividends, totalling \$1.3 billion a year, into a “debt management trust.”

Labor’s leaders denied that their plan would involve forced retrenchments or cuts to services. When pressed by reporters, however, Pitt admitted that Labor was not promising no job losses, just “no forced redundancies.” He stated: “We will not make a promise like Campbell Newman did and say there will be no job losses... Our

first approach will be of course, redeployment.”

At the same time, siphoning off \$1.3 billion a year from dividends, which are currently allocated to funding government services, can only occur by further gutting health, education and other social spending, and axing thousands more jobs. These services have already been decimated as a result of previous cuts by Labor and Liberal-National governments, state and federal alike.

Moreover, Labor and the LNP have both predicated their election platforms on claims that the state’s economy—which shrank by 1.8 percent last year amid closures of coal mines and related industries—will start growing rapidly next year as new liquefied natural gas (LNG) projects come on line. But LNG prices are plunging globally, parallel to oil prices, producing estimates that forecast state and federal tax and royalty revenues will fall by \$20 billion a year.

Premier Newman’s formal launch of the LNP campaign last Sunday was extraordinary in two respects. One was the conspicuous absence of Prime Minister Tony Abbott or any other leading federal Liberal politician. This was in stark contrast to the 2012 state election campaign launch, where Abbott featured prominently, personally introducing Newman. The decision to keep Abbott and his ministers well away from this campaign reveals obvious concerns about the intense public hostility to the federal government’s austerity offensive, particularly upfront charges to see doctors, higher tertiary education fees and welfare cut-offs.

The second revealing aspect was that in his policy speech, Newman did not mention, let alone seek to defend, the scheme to try to raise \$37 billion by selling off the electricity network and other facilities via 99-year leases. His silence on the issue reflected an

acute awareness of the deep popular opposition to the privatisation program, which will involve the destruction of thousands more public sector jobs, on top of the more than 14,000 already eliminated by the LNP government.

Outrage over the previous state Labor government's own sell-off of \$15 billion worth of assets, and destruction of thousands of jobs, was a major factor in Labor's landslide defeat at the 2012 election. After more than two decades in office, Labor was reduced to a rump of seven members in the 89-seat parliament, also as a result of wider working class discontent with the federal Labor government of Julia Gillard. Kept in office by the Greens, Gillard's minority government stepped-up the austerity drive now being prosecuted by the Abbott government.

On Monday, the day after the official LNP campaign launch, Premier Newman abruptly turned toward whipping up a "law and order" atmosphere, promising an extra \$22 million for police surveillance and intelligence gathering, and \$75 million for three more heavily-armed Rapid Action and Patrols (Rap) squads. Newman cited the alleged threat of "would-be terrorists" and "criminal gangs," in a bid to politically exploit the events in France to promote authoritarian forms of rule.

Last weekend also saw the campaign launch of the right-wing populist Palmer United Party (PUP), which is trying to capitalise on the widespread disgust toward Labor and the LNP. Formed by mining magnate Clive Palmer before the 2013 federal election, the PUP underscored its reactionary colours by recently anointing as its state leader John Bjelke-Petersen, the son of former National Party state Premier Sir Joh Bjelke-Petersen. At the launch, he made an explicit pitch to big business, promising to abolish the 4.75 payroll tax.

Bjelke-Petersen declared that this would induce companies to move their activities from Sydney and Melbourne, so that Queensland would regain its status as the "number one economic state in the nation," as he claimed it enjoyed under his father. In reality, his father's premiership, which lasted from 1968 to 1987, assisted by blatant electoral gerrymandering, was notorious for its vicious attacks on basic democratic rights and workers. In 1985–86, he carried out the mass sacking of 1,100 SEQEB electricity workers and

suppressed their lengthy strike, with the assistance of the trade unions and the federal Hawke Labor government.

The Murdoch media, spearheaded by its Brisbane tabloid, the *Courier-Mail*, is aggressively agitating for a LNP victory, clearly regarding that as crucial to the prospects of the Abbott government's austerity measures. Yesterday, Murdoch's national flagship, the *Australian*, published its second editorial in four days, lionising Newman and his "bold privatisation plan." It also urged the Labor Party to go further in adopting a bipartisan approach to budget-cutting, declaring: "So far, Labor has not put forward a credible economic plan for Queensland."

This is another sign that regardless of whether the LNP or Labor forms the next state government, the drive to austerity, militarism and repression will only continue.



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