

Calls to intensify Australian austerity agenda

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In a sharp reaction to fears that the crisis in the Australian government of Prime Minister Tony Abbott will slow its austerity drive, key sections of the ruling elites have called for its budget cutbacks, not only go to forward, but to be intensified.

The calls are a response to Abbott's statement, made in the wake of his "near death" experience, in which 40 percent of the parliamentary Liberal Party voted to declare the leadership vacant, that the government might have bitten off more than it could chew in its May budget. The widespread opposition to the budget, reflected in the surprise defeats of the Victorian and Queensland Liberal-National party governments, was the key factor in driving the backbench revolt.

However, in recognition that the latest upheaval—a continuation of the political turmoil of the past five years—was an expression of a crisis of the parliamentary rule itself, the demands for a deepening of the austerity drive have been accompanied by proposals for new forms of rule that can ride over popular opposition.

An editorial in today's *Australian*, called for a "national summit on prosperity," possibly including former Labor treasurer and prime minister Paul Keating as well as former Liberal treasurer Peter Costello, to build the momentum to tackle so-called reforms. It said that a key question for the summit was how the "vital spirits of the economy can be brought to life" and condemned the "political class as a whole" because such questions figured so little in its deliberations. It would be a chance to "sidestep the rituals of party political warfare and short-term populism."

The editorial harkened back to the economic summits convened under the Hawke-Keating Labor governments in the 1980s. Couched in terms of defending the "national interest," these summits played a central role in implementing the "reform" agenda demanded by the ruling elites at that time. The Labor governments, in collaboration with the trade unions,

scrapped a series of economic regulations, initiated major privatisations, and opened the Australian economy up to "market forces," resulting in a massive redistribution of wealth up the income scale.

Today, in the midst of the most serious and ongoing breakdown of the global capitalist system since the 1930s, which now has the Australian economy firmly in its grip, such measures would go much further than those of 30 years ago. Appeals to "national unity" are to disguise the fact that what is being advanced is in the interests of a tiny wealthy elite at the expense of the vast majority of working people.

According to a report in yesterday's *Australian*, Abbott's chief economic adviser Maurice Newman, who has previously bewailed the fact that the Australian minimum wage is around twice the level of the United States, favours a system where the treasury secretary and the governor of the Reserve Bank are brought more directly into the budget process in order to shift it "above politics."

In other words, a mechanism should be established along the lines of that operating across Europe where the population votes in elections but their decisions have no impact because economic policies are dictated by the financial elites and imposed by the European Union and the European Central Bank, as the case of Greece so clearly demonstrates.

The initial focus for the intensification of the austerity agenda is the so-called Intergenerational Report which Treasurer Joe Hockey has said will be brought down by the end of this month.

The aim of the report will be to advance the claim that the maintenance of living standards and spending on vital social services, health care, education and other necessities of life, involves placing an intolerable burden of debt on future generations and therefore must be slashed.

The real aim of such an agenda is not to preserve

future “national prosperity” but to meet the present demands of the Australian and global financial elites to make the working class pay for the crisis of the capitalist economy by driving down living standards.

The political purposes to which it will be put were made clear in a comment by the leading political commentator of the *Australian*, Paul Kelly, published today.

Calling for a return to “first principles,” he wrote: “The report will document the fiscal crunch arising from an ageing population and the core issue of social justice: will the next generation pay the price for the selfish indulgence of the current generation?”

That is, the demands of the present generation of workers and their families for a decent standard of living, as they struggle to make ends meet in an increasingly worsening economic situation, must be made to appear as a crime committed against their children and their children’s children.

According to Kelly, the government had to invest the report “with the status of St Paul’s epistles”—in other words there had to be “conversion” to the austerity agenda.

The push for a stepped up austerity offensive is reflected in a series of comments by political and business leaders.

Hockey told a meeting of government MPs yesterday that anyone who thought “we are going to get back to [budget] surplus on the back of growth is kidding themselves.”

While rejecting the call for a summit, at least at this point, Costello insisted there should be no lessening of the effort to balance the budget—a process which involves cuts of tens of billions of dollars per year for the indefinite future. There should be an agreed goal, “preferably a bipartisan goal,” he said.

Heather Ridout, former head of the Australian Industry Group, and a member of the Reserve Bank board, said there had to be some agreement on budget measures and Abbott should sit down with the Labor party “to try to find some common ground.”

National Australia Bank chairman Michel Chaney has called for bipartisanship to deal with the budget. The Labor opposition had to acknowledge there was a fiscal problem in the longer term, agree that something had to be done “and then accept solutions which may be unpopular but are in the national interest.”

The Labor Party has indicated that, while it has opposed various measures contained in the May budget in the Senate, it supports major cuts. Appearing on the Australian Broadcasting Corporation’s “Q&A” program on Monday evening, shadow treasurer Chris Bowen repeated remarks he made last month that the days of what he called “Santa Claus” economics were over.

Peter Nash, chairman of the major financial firm KPMG, said bipartisanship would make necessary economic measures “more doable and less fraught with difficulty.”

However, the spokesmen of the financial elites themselves know the assertion that painful “sacrifice” can somehow restore economic prosperity is bogus and is being blown apart by the deepening global economic crisis.

The head of the think tank Access Economics, Chris Richardson, noted that even if the Senate had agreed to every economic measure put forward in May, “the budget would remain in deeper deficit than previously forecast because of the slide in iron ore coal and gas prices.”

As the Socialist Equality Party explained in a comment published yesterday, the central demand of the ruling elites is that the working class be made to pay for the deepening crisis of the profit system as a whole.

The calls for a summit, the intervention of the treasury and Reserve Bank heads in determining government policy, and increased bipartisanship make clear that new forms of rule are being discussed within ruling circles to impose this agenda, underscoring the necessity for the working class to advance its own independent solution to the crisis on the basis of a socialist program.



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