

Australian Intergenerational Report: A fraudulent justification for sweeping budget cuts

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The Intergenerational Report released on Thursday by Australian Treasurer Joe Hockey is a contrived and concocted document aimed at trying to provide support for a program of major government spending cuts aimed against the working class.

Purportedly showing the relationship between budget projections and population changes 40 years into the future, the report is very much about the present and the impact of the deepening global economic breakdown on the fortunes of Australian capitalism.

It claims that if measures introduced in the May 2014 budget are not implemented, or cuts of an equivalent nature made, there will be a major government debt and deficit crisis. But if they are carried out, budget repair will take place within a decade, after which surpluses will be continually generated.

The report's core argument, namely the expectation that people will live longer as a result of medical advancements—itsself a progressive development—and cause a budget crisis, is a graphic expression of the perverted logic of the profit system. So is the claim that unless major cuts are undertaken the present generation will be robbing future populations.

Robbery there certainly is. But the theft involved is the contemporary cutting of social services, pensions and education in order to boost corporate and financial capital as global economic conditions worsen.

Not surprisingly, therefore, big business groups welcomed the report. The chief executive of the Australian Industry Group, Innes Willox, said it was a “sobering document” reinforcing the need for Australians to face up to slowing growth and ageing population and flat-lining productivity.

“The document paints a picture of a nation that needs to make significant and quite urgent structural changes to meet the needs of current and future generations, to ensure our standard of living continues to improve,” he said.

Structural changes are not aimed at improving living

standards. Rather, as the Business Council of Australia indicated in its 2015–16 budget submission, sweeping cuts must be implemented to ensure the maintenance of Australia's AAA credit rating, sustain corporate and financial viability and meet problems in any future global financial crisis—that is, the provision of funds to bolster finance houses and the banks. In addition, they are necessary to enable corporate tax cuts so that Australia can remain internationally competitive as an investment site.

However, this corporate agenda is deeply opposed by broad sections of the population, expressed in the hostility to the May budget because it targeted lower income earners, resulting in the failure of the government to secure passage of some key measures through the Senate.

Significantly, the Intergenerational Report did draw out the impact of the most important budgetary item passed with the support of the Labor party.

John Daley, the head of the Grattan Institute, which has been one of the most strident advocates of cuts, noted in a comment published on the Business Spectator that long-term projections in the report highlighted the effect of the federal government's abandonment of its previous commitment to contribute to the long-term growth in hospital costs paid by the states. It saved an amount equivalent to 1.4 percent of gross domestic product by 2055.

“It is by far and away the largest long-term reduction in Commonwealth spending,” he wrote, adding that it transferred the deficit problem to the states to solve.

The aim of the Intergenerational Report is to try to create the political conditions whereby this already significant display of bi-partisanship can be extended.

This was the main thrust of Prime Minister Tony Abbott's comments on the report. Abbott said he understood there might be a temptation on the part of the Labor Party to go scouring through the document looking for political ammunition. “But I think we've seen the better angels of the nature of the leader of the opposition [Bill Shorten] on a lot

of subjects lately and I'm confident that this parliament is better than that," he said.

Abbott did not spell it out but he was referring to the complete support by the Labor Party for the government's bogus "war on terror" and the deployment of more Australian troops to Iraq. He is seeking to extend the bipartisanship on "national security" to the economic arena, with the support already given by the Labor Party to hospital and health cuts inspiring confidence this may be possible.

However, the achievement of this goal requires the creation of the necessary political atmospherics. It involves the promotion of a sense of "national emergency" by sections of what passes for the small "I" liberal political and media establishment—along the lines of that which followed Labor treasurer Paul Keating's warnings in 1986 that Australia faced becoming a "banana republic" unless major economic restructuring was carried out.

Working hand-in-glove with the mass media and the trade union bureaucracy, Keating was successful in creating the conditions for sweeping changes that boosted profitability, lowered wages and attacked working conditions.

So far Hockey has not succeeded in emulating his predecessor, prompting the criticism in editorial columns that he has failed to "sell" the government's measures.

He obviously hoped that the Intergenerational Report, which he claimed would have people "falling off their chairs" when they read it, would turn the situation around. But, at least to this point, it has not produced the desired result.

Sydney Morning Herald economics commentator Ross Gittins said the Intergenerational Report ought to be highly informative, leading to a serious debate about economic choice but "in the hands of Joe Hockey it has become a crude propaganda exercise."

Gittins was referring to the partisan framing of the report and its projections of budget outcomes based on three scenarios: firstly a continuation of the previous Labor government's policies, secondly the budget measures passed so far, and thirdly, measures the government would like to implement but are still blocked in the Senate. The first two portray an ever worsening position, while the third, on the basis of highly dubious and selective assumptions, sees a return to ongoing surpluses by 2030.

The political editor of the *Guardian*, Lenore Taylor began her comment by saying "Sorry, Joe but I'm still on my chair." The overall scenario was an "obvious public policy challenge" and Hockey was right when he said "doing nothing" was not an option.

The "sensible response," she continued, would be for everyone to remain in their chairs and find "sensible ways to cut spending or raise revenue for which they can win the

support of the Australian people."

In short, Taylor's message to Hockey, delivered on behalf of a section of the liberal media, is: we are ready to come on board but give us something better to sell than this!

The importance of bipartisanship was also raised in an editorial in the *Australian*, which has waged a continuous campaign in support of sweeping cuts. Describing the report as "sobering," it said Hockey had to use it wisely "to sell a story of resolute fiscal consolidation in the whole community" before criticising the treasurer for erring on the side of political partisanship in the report's presentation.

In many ways the report, with its fanciful attempt to track economic events 40 years out through a linear projection of present trends, is a diversion.

The working class should focus its attention on the present situation and its driving forces. The ongoing attacks on living standards, health facilities, social services and education—and the even bigger attacks to come—are not the result of an ageing population but are produced by the deepening breakdown of the global capitalist system that has the Australian economy firmly in its grip.

The working class must meet this situation through a political struggle for an independent socialist program, aimed at the overthrow of the profit system, so that the vast wealth it has created can be utilised for social and economic advancement, rather than for enhancing the profits of the corporate and financial elites.



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