Australian Labor Party lines up behind big business agenda

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The Australian Labor Party has aligned itself directly with the demands of the corporate and financial elite for intensifying attacks on the working class, involving major cuts to social services, health and education, stretching into the indefinite future.

This is clear from a comment written by Labor's treasury spokesman Chris Bowen published in today's *Australian* under the title "Doomsayers contort the debt debate" in which he specifically identified himself with the approach taken by the Business Council of Australia (BCA) in its submission for the 2015 budget issued last week.

Bowen devoted the first half of his article to denunciations of what he called the "inflammatory rhetoric" of the Liberal Party on the question of government debt and the budget deficit. The Liberals, he claimed, talked of "budget emergencies" when in opposition, and invoked the spectre of Greece, "bankruptcy" and "going broke" when in government.

When it was pointed out that this was not the situation, "members of the government and their cheerleaders like to assert that there is no case for sensible measures to ensure the long-term health of our budget."

"Let us be clear," he continued, "Labor not only believes in the case for sensible saving measures, we believed in them in office."

Bowen criticised the Liberal Party for its contradictory policies, specifically citing the decision to repeal the carbon tax while leaving in place the measures to compensate for it.

Echoing comments he has made previously, that the days of "Santa Claus economics" are over, Bowen insisted that Labor would not repeat the mistakes of Prime Minister Tony Abbott and Treasurer Joe Hockey. He previously criticised them for pledging to reduce the budget deficit before the election without specifying the means to achieve that goal.

"We'll be upfront with our plans for a credible fiscal strategy," he wrote. "We'll seek to win a mandate for a plan that will give us a better chance to get it through parliament, something this government has singularly failed to do."

In other words, Labor's central criticism of the government's May budget is not that its core objective was severe reductions in social spending but that its attacks on pensioners, lower-income groups and students were too open, provoking widespread hostility and leading to a situation where the Labor Party and the minor parties felt compelled to oppose them in the Senate.

While Bowen did not refer to it in his comment, where the government's measures were more carefully crafted, such as the major reductions in the provision of federal funds to the states for hospitals, Labor supported their passage through the Senate.

Bowen made clear that economic growth would not return a surplus as "structural challenges" to the budget were the function of a "complex transition in our economy and our society, which has been unfolding since before the global financial crisis."

These changes had impacted on government revenues as a percentage of the economy and therefore both revenue and spending decisions had to be "on the table" in any budget decisions. Labor, he continued, "believes difficult, but not unfair, decisions are necessary for budget repair" and associated himself directly with the BCA's agenda.

"Labor supports the underlying principle in the Business Council of Australia's budget submission … and welcomes a discussion about the structural challenges facing the budget."

The BCA comprises the chief executives of Australia's top 100 companies and its governing board includes representatives of the banks, major mining companies and retail giants.

In its submission, the BCA made clear that maintaining budget sustainability was aimed at ensuring the stability of finance and profits.

"Preserving Australia's AAA credit rating to consolidate the government's financial credibility, retaining financial capacity and investor confidence," was the first of what it listed as its "four primary goals." The second was to restore the budget to surplus so that it would be able to deal with economic shocks and volatility, that is, to ensure that the government was in a position to bail out the banks in the event of another global financial crisis.

The BCA submission made clear where the resources for this agenda had to come from: reduced spending and the transformation of social services into a safety net—that is merely providing the bare minimum—and increased productivity, that is higher profits, achieved through the lowering of real wages and cuts in working conditions.

Bowen has solidarised himself with this program.

"The budget is not in immediate crisis," he wrote. "But as the BCA points out, 'Australia has a 10-year window to make the necessary transition in a deliberate and inclusive way.' This is similar to the approach we have articulated."

According to Bowen, over the next 10 years, Labor policies would involve more saving than new spending, providing for a "gradual and credible return to surplus."

However, this attempt to dress up a program of deepening austerity as "gradual" adjustment and the path to a return to "normal" is belied by two decisive developments in the global economy. Firstly, recessionary trends are deepening, amid growing signs of another financial crisis. Secondly, international competitive pressures are intensifying—one of the main reasons why business organisations, such as the BCA, have increasingly drawn attention to the higher wages of Australian workers compared to their counterparts in the US and New Zealand.

Bowen's comment, based on an explicit association with the BCA, makes clear that Labor opposition to the Liberals' budget measures has got nothing to do with the defence of the interests of the working class. Rather, it is aimed at sending a message to the corporate elites that the widespread hostility to the budget means that the Liberals are unable to carry out their demands and this task must be entrusted to Labor.

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