

Australian Labor leader calls for bipartisanship with Abbott government

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Australian Labor Party leader Bill Shorten used his budget reply speech last night to offer the Liberal government of Prime Minister Tony Abbott a bipartisan approach to “reform” of the taxation system and, by implication, on the range of spending cuts and other measures being demanded by the ruling elites to return the budget to surplus.

The offer came as Shorten indicated Labor’s support for the budget’s proposal to reduce the tax rate for small businesses with under \$2 million in turnover from 30 percent to 28.5 percent but said it did not go far enough. He said a Labor government would cut the small business tax rate by five percentage points.

Addressing Abbott, Shorten declared: “I invite you to work with me on a fair and fiscally responsible plan to reduce the tax rate for Australian small businesses from 30 to 25 percent.” By “fiscally responsible,” he means the implementation of spending cuts that would be used to pay for the reduction in business tax revenue.

In an interview on the ABC program “7.30” immediately after his speech, Shorten made clear that the offer of collaboration and bipartisanship goes far beyond the issue of a small business tax. Pressed several times by interviewer Leigh Sales on where a Labor government would cut spending to reduce the budget deficit, he repeatedly referred to his offer of talks and a bipartisan approach.

Significantly, he couched the offer in terms of Labor’s support for the so-called “war on terror,” national security and the deployment of Australian forces in Iraq.

“We’ve got a bipartisan approach on national security,” he said. “A lot of Australians would like to see Tony Abbott and I work through the future of the tax system. What I am proposing is that I sit down with Tony Abbott and see what we’ve got to do and all of

what we’ve got to do collectively.”

The reference to a “lot of Australians” is political spin to cover up the real agenda. The debacle of the Abbott government’s first budget last year arose as a result of the widespread and deeply-felt opposition to its spending cuts and promotion of social inequality. The demand was not for a discussion over how the cuts be implemented but that they be thrown out.

There was a different response in ruling political circles. In numerous newspaper articles, editorials and comments, the conclusion was drawn that significant “reform”—that is, major attacks on social conditions—was increasingly difficult to enact through the present parliamentary set up, where no party can obtain a majority in the Senate. What was needed was a broad consensus between the two major parties on key issues.

Shorten’s appeal for bipartisanship is a response to that demand, not to a call from the Australian people.

Shorten made clear that Labor is positioning itself to carry out measures of so-called fiscal reform. Taking up Treasurer Joe Hockey’s call for businesses to “have a go,” Shorten said the budget “doesn’t have a go at getting us back to surplus—it doesn’t have a go at reform.”

In his television interview, Shorten directly took up much of the media commentary on the need for bipartisanship, pointing out that his offer went far beyond the question of reduction in the small business tax rate.

“We can only do the big changes, the big reforms, together,” he said. “It’s no good just having Tony Abbott and I, or Liberal and Labor always taking pot shots. ... What I did tonight was try to break the political mould.”

The bipartisan approach is already being carried out

in practice. Shorten denounced the unfair measures in the government's first budget and insisted that the second one was a "hoax." "Tony Abbott has only changed his tactics, he has not changed his ideas," he said.

But Labor has agreed to one of the main measures in the 2014 budget, which remains at the core of the present one—a massive cut in funding to the states for spending on health and education.

Under changes announced last year, funding to the states for these essential services will be reduced by \$80 billion over four years. This is to be achieved by changing the formula under which money is set aside. Instead of being linked to the actual services provided by the states it will now be tied to inflation and population growth.

In pressing for the new system, Treasurer Joe Hockey has said the states will have to cover the shortfall by coming up with "efficiencies in the system." This means cutting already inadequate staff levels and putting even greater pressure on teachers in the schools and those employed in the health and hospital systems.

In remarks before his budget reply speech, Shorten attacked the \$80 billion cuts but pointedly refused to give a commitment that a Labor government would reverse them. In fact, the Labor party has already endorsed them when it supported the passage of the bulk of the budget last year on the basis that this was "consistent with [Labor's] longstanding principles." Likewise, the Greens pointedly declared that "we are not going to cause a constitutional crisis."

Continuing the commitment to last year's cuts, Shorten did not undertake to reverse the new ones announced in the present budget. The government plans to take almost \$2 billion out of a wide range of health services by "rationalising and streamlining funding" across a range of programs. These include measures to stop the spread of HIV, the provisions of services in rural and remote regions, health provisions for indigenous populations and managing responses to communicable diseases.

The president of the Public Health Association of Australia, Michael Moore, has described the budget as a "bloodbath" as far as these services are concerned. But these cutbacks did not rate a mention in Shorten's reply, in line with the precept that silence is consent.

The driving force behind the call for bipartisanship

from the ruling financial and political elites, which Shorten has now answered, is the recognition that, with the end of the mining boom, the underlying drivers of the Australian economy are experiencing a major contraction.

Shorten pointed out in his speech that in 2012, some 8 percent of gross domestic product was investment. This has now slumped to as low as 2 percent—a four-fold contraction amounting to \$96 billion. He noted in his TV interview that the government's budget projections were based on a "whopping" 4 percent growth in nominal gross domestic product.

These comments echo those of financial commentators and analysts who have warned that in conditions of mounting global problems—and especially concerns over the slowdown in China on which the Australian economy is dependent—the budget assumptions of growth continuing indefinitely are totally unrealistic.

Having to some degree escaped the full impact of the global financial meltdown of 2008–2009, not least because of the stimulus to the Chinese economy, Australian capitalism is now completely exposed to the deepening crisis of the world economy.

The ruling elites have no economic response to this worsening situation. Rather, their strategy is to make the working class pay for the crisis of the profit system through ever-deepening attacks, far in excess of those already carried out. Shorten's call for bipartisanship is a significant political step in advancing this agenda.



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