

Australian politicians appeal for “strong government” after Brexit vote

Mike Head
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Last week’s British vote to leave the European Union has sent shock waves, both political and economic, through the campaign for next Saturday’s unpredictable “double dissolution” election for all members of both houses of parliament.

Nervous pleas by political leaders for voters not to support “independents,” in the hope of installing a “stable” majority government, have been accompanied by ever-more shrill demands by the corporate media for harsh austerity measures to be imposed, regardless of which parties form the next government.

Prime Minister Malcolm Turnbull and opposition Labor leader Bill Shorten each pleaded with voters to back them on July 2, claiming this was essential for a “strong” government to deal with the post-Brexit turbulence. By “strong” government, they mean one that can impose the deep cuts to social spending and living standards being dictated by the financial markets.

While their appeals sought to turn the fallout from the British decision to short-term electoral advantage, Turnbull and Shorten also betrayed a degree of alarm about the destabilising impact of Brexit on an Australian economy already in slump and the increasingly discredited political establishment.

At the Liberal-National Coalition’s formal campaign launch last Sunday, Turnbull said the Brexit vote was a “sharp reminder of the volatility in the global economy.” He declared: “Calm heads, steady hands and a strong economic plan are critical for Australia to withstand any of these negative repercussions. At a time of uncertainty, the last thing we need is a parliament in disarray.”

Supporting “minor parties or independents” would be a “roll of the dice” that would produce “chaos” and “wreak havoc,” the prime minister claimed. This was no time to “pretend that the good times will just keep

rolling no matter how much you tax, how much you borrow and how much you spend.”

When Turnbull called the rare double dissolution election nearly eight weeks ago, his mantra was that Australians lived in “exciting times” and his government, if returned, had a plan for “jobs and growth.” Those claims have unravelled.

Shorten sought to outdo Turnbull in pledging “stability.” He warned voters against supporting a “weak” Turnbull or a “divided” Liberal Party, saying there were dangerous parallels between Turnbull and outgoing British leader David Cameron.

“The disunity that that represents in the Liberal Party is not a risk worth taking for the Australian people,” Shorten said. “What we saw there was David Cameron hostage to the right wing of his political party, compromising his own beliefs, providing weak leadership. Sounds familiar, doesn’t it?”

The real content of Shorten’s condemnation of “weak” government was underscored when Labor released its policy costings last Sunday. In order to meet the demands of the money markets to eliminate the \$40 billion budget deficit by 2020-21, Labor repudiated yet another set of promises, worth \$6 billion over four years, to oppose or reverse budget cuts by the Liberal-National Coalition.

These include \$1.37 billion worth of cuts to pensioners’ transport and utilities concessions, \$1.3 billion slashed from public dental care and \$1.9 billion in public sector “savings,” which will mean further cuts to jobs and services. This is on top of an estimated \$33 billion in cuts over four years already embraced by Labor and \$57 billion stripped from public hospitals over the next decade.

For the financial and corporate elite, however, these cuts are nowhere near enough. Both Murdoch’s

Australian and Fairfax Media's *Australian Financial Review* denounced Labor's intention to permit a slightly higher budget deficit over the next four years. Today's *Australian* editorial branded Labor's policies "absurd, reckless and dishonest" and "verging on the laughable."

Australia is exposed to the intensifying economic crisis in Britain and globally in many ways, particularly because of its dependence on foreign investment inflows, borrowings on global financial markets and mining exports. Global commodity prices are likely to crash further, and business investment will dry up even more, deepening the impact of the collapse of Australia's two-decade mining boom.

During the last eruption of the global economic breakdown, the crash of 2008–09, the previous Labor government and the Reserve Bank of Australia could still bail out the banks and major corporations. The government went into deficit to provide stimulus packages and the central bank slashed the official interest rate from 7.25 percent to 3 percent. Today, the interest rate already stands at a record low 1.75 percent and the budget deficits rule out any substantial stimulus.

In 2008–09, moreover, Australian capitalism was rescued mainly by a massive stimulus program in China, which boosted mining exports and prices. But China's marked slowdown over the past two years has brought that to a halt.

Brexit's full implications for Australian capitalism are only starting to emerge, but prominent media commentators are warning of dire consequences.

On the *Drum* web site, the Australian Broadcasting Corporation's business editor Ian Verrender said Britain remained far more important than China to the Australian economy. Not only was Britain the second biggest destination for Australian direct investment, after the US, as well as the second largest investor, again after America. It was also Australia's "gateway" to Europe, "one of the world's most important trading blocs."

The disintegrating value of the British pound would "result in a dramatic drop in income for any Australian company or individual that has invested there," Verrender pointed out. "Similarly, UK firms will have less money to invest here." He concluded: "The disaster that was inflicted on an unsuspecting world last

week will undermine the prospects for an already weak global economy and have a particularly harsh impact on Australia."

Yesterday's editorial in the *Australian Financial Review* provided a glimpse of the mixture of the panic, perplexity and viciousness in ruling circles. It declared that Brexit "clarified" the necessity for Turnbull to "convince Australians to give his government the moral authority to do what it takes over the next three years to protect the nation's prosperity in a volatile and uncertain world."

The editorial warned that the "political populism" and anti-establishment disenchantment that was gripping Britain and most other Western powers, including the United States, was also appearing in Australia's election. "Eight years on, the 2008 global financial crisis has morphed into reinforcing financial, economic and political crises of globalisation."

Revealingly, the financial newspaper added to the picture an issue that the main parties—Labor, Coalition and the Greens—have largely suppressed throughout the election campaign: the prospect of a war against China by the US to assert its global hegemony. "[I]f the Brits could trip themselves into leaving the EU, then Australia could be hit by an economic downturn in China or, more seriously, by open conflict between our military ally and our biggest export market."

This mouthpiece of the financial elite, together with the *Australian*, has made it plain that whichever parties take office after Saturday, they must junk any promises not to slash health care, education and other basic social services, and quickly find means to impose a program of austerity and war on the population, irrespective of the rising discontent.

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Authorised by James Cogan, Shop 6, 212 South Terrace, Bankstown Plaza, Bankstown, NSW 2200.



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