

# Australian prime minister appeals for bipartisan budget cuts

Mike Head  
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In what was billed as his first major economic speech since barely surviving the July 2 election, Prime Minister Malcolm Turnbull called on the opposition Labor Party to help push through an initial package of social spending cuts, worth \$6.5 billion over four years, as soon as parliament resumes on August 30.

The so-called Omnibus Bill will be based solely on 21 “tough” and “unpopular” measures that Labor leader Bill Shorten pledged to support during the election campaign, including substantial cuts to welfare, healthcare, tertiary education, pensions, aged care and family payments.

This is just the first instalment. Altogether, in a bid to meet the requirements of the corporate elite, Labor junked promises to oppose or reverse budget measures totalling an estimated \$33 billion over the next four years, as well as hospital funding cutbacks of \$57 billion over 10 years.

But even these cuts are nowhere near enough to satisfy the demands of the financial markets, which have threatened to scrap the country’s AAA credit rating unless Turnbull’s unstable Liberal-National Coalition government can demonstrate its capacity to slash the \$40 billion annual budget deficit. These dictates reflect the worsening world slump and the deepening reversal of the fortunes of mining export-dependent Australian capitalism since the 2008 global crash.

Addressing business executives at a Committee for Economic Development of Australia lunch on Wednesday, Turnbull made an appeal for bipartisanship. He said the government was “ready to reach across the aisle” on the basis of Labor’s “commitment to support spending reductions they have already said they will back.”

Turnbull declared that the global economy is

“perhaps more fragile than at any time since the financial crisis. Growth is slowing across the international economy, and uncertainty is rising.” The rating agencies had sent “unambiguous signals” that “tough choices” had to be made “now.”

The pressure being applied to the government was underscored just after Turnbull spoke. Moody’s—one of the ratings agencies—declared that the government’s “very thin” majority in parliament’s lower house and a “splintered Senate” could undermine efforts to retain the AAA rating. It said Australia’s gross public debt was “no longer low” after rising from 19 percent of gross domestic product six years ago to reach an estimated 45 percent by 2020.

This warning highlighted the precariousness of the government and the political establishment as a whole. Turnbull called the rare double dissolution election of all members of both houses of parliament to try to break through a protracted political deadlock, in which consecutive governments since 2007, Coalition and Labor alike, have been unable fully impose the severe spending cuts stipulated by the financial elite.

Instead, an increased number of people expressed their hostility toward this agenda by voting for candidates who posed as opponents of the major parties, including the Greens, which propped up the previous Labor government. As result, the Coalition holds a major of just one in the House of Representatives and only 30 seats in the 76-member Senate, making it reliant on Labor and/or the Greens to pass legislation, unless it can secure the votes of 9 out of 11 “crossbenchers.”

The prime minister’s speech was delivered against a backdrop of mounting concern in ruling circles that his government had failed, either before or after the July 2 election, to provide the “economic narrative” that

Turnbull promised when he ousted his predecessor Tony Abbott last September.

In a front-page interview with the *Australian Financial Review* last Monday, Business Council of Australia president Catherine Livingstone said the political system had to face up to the “harsh realities” of chronic budget deficits. Representing the largest companies operating in the country, she referred to “a failure of a core responsibility of political leadership.”

Livingstone scathingly dismissed Turnbull’s election pitch of “jobs and growth.” This had not convinced voters, she said. Rather, his claims of “exciting” times ahead had jarred with the need for “budget repair.” Livingstone cited last week’s speech by the retiring Reserve Bank governor Glenn Stevens insisting that “difficult” cuts had to be inflicted, despite popular opposition, or the measures would be imposed via a “moment of crisis.”

The social reality driving the political disaffection was underscored this week by the release of official statistics showing the continuing destruction of full-time jobs—65,000 since the start of the year—with 137,000 more workers forced into insecure and lower-paid part-time positions so far this year. Wages data also showed record low annual growth of 1.9 percent, marking four years of slowing pay growth, which is increasing the stress on millions of over-stretched working class households.

During Wednesday’s speech, Turnbull reinforced his plea for Labor’s support by saying that political unity was needed in the face of the rising social discontent, not just in Australia but internationally. He declared that political divisions in advanced economies were “feeding on a sense of disenfranchisement among many people who feel the rapid economic changes of our time have left them behind.”

In response, Shorten complained that Turnbull was negotiating “by megaphone.” Conscious of the public disaffection, he tried to keep some distance from the government, saying Labor needed to see the Omnibus Bill’s detail before the party decided its position. Nevertheless, he confirmed his readiness to cooperate. “Our position will be consistent with what we said before the election,” he told reporters.

The Greens party, which has repeatedly stated its desire to help “stabilise” the parliamentary framework, signalled that it wanted to be included in the austerity

compact. Greens treasury spokesperson Adam Bandt proposed an alternative, supposedly “fairer,” suite of measures to raise the specified \$6.5 billion and said “both Labor and the Coalition should back it.”

Reflecting the Greens’ commitment to shoring up the political establishment and the profit system, the bulk of Bandt’s package would consist primarily of schemes already proposed by Labor, including to reduce “multinational tax avoidance” and abandon some income tax cuts for those receiving more than \$80,000 a year.

Today’s *Australian* carried a reminder that the Australian ruling elite has relied historically on the Labor party to implement sharp cuts to working and living conditions. The newspaper featured a column by former Hawke and Keating Labor government cabinet minister Graham Richardson, declaring that “the “major parties will have to work together.”

Richardson warned of the “complete upheaval” in the world economy and that many people had lost faith in the political system. He condemned “nine years of purposeless politics, of weak, incompetent leadership,” compared to the “good government” provided by Hawke and Keating from 1983 to 1996, followed by the Howard Coalition government of 1996 to 2007.

Working in close partnership with the trade unions, the Hawke and Keating governments imposed the free-market restructuring demanded by big business, suppressing the resistance of workers and shattering their jobs, living standards and basic rights. Today, an even deeper economic and social assault is underway, posing the necessity to build a new socialist leadership in the working class.



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