

Australian government faces deep budget crisis

Mike Head
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Already beset by defections and rifts, the Turnbull government suffered another major political blow this week. An array of senators declared they would block the “omnibus” bill the government introduced last week to ram through sweeping social spending cuts that have stalled since 2014 in the face of widespread public opposition.

The Senate impasse throws into disarray the government’s plans for the May budget, just three months away, and further undermines its pledges to the financial markets to eliminate the budget deficit of nearly \$40 billion a year by 2020–21.

Reduced to only 29 seats in the 76-member upper house by last week’s defection of right-wing Senator Cory Bernardi, it is now virtually impossible for the government to push through the cuts, worth \$7.5 billion over four years, unless it can strike deals with the Labor Party or the Greens.

Both these parties helped the Liberal-National Coalition government pass billions of dollars in pension and other social spending cuts last year. But such is the depth of the popular hostility to the remaining 2014 budget measures that further such deals are seen as political suicide.

By unveiling the omnibus bill in the first parliamentary week for the year, Prime Minister Malcolm Turnbull sought to demonstrate to the financial elite that he could impose the cuts that his predecessor Tony Abbott, whom Turnbull ousted as Liberal Party leader in September 2015, failed to deliver.

The bill seeks to slash welfare payments, family tax benefits and pensions, with the most punishing cuts hitting young unemployed people, students, working-class households and aged pensioners. Over the past three years, the media has labelled these “zombie”

cuts—languishing in a “twilight zone” between life and death.

Last week, Turnbull and Treasurer Scott Morrison sought to coerce senators into voting for the welfare provisions by tying them to supposed improvements in childcare subsidies and parental leave. In reality, these changes were designed to push more parents into low-paid jobs, and would have left thousands of working-class families worse off.

Over the weekend, Morrison only worsened the situation by seeking to blackmail senators into voting for the omnibus bill by declaring that \$3 billion from the cuts was needed to finance the National Disability Insurance Scheme (NDIS). The future of this scheme, which actually underfunds and privatises disability services, was thus thrown into doubt, along with the social security payments and family tax benefits on which most working-class people depend to survive.

Fearing an electoral backlash if he backed the bill, Nick Xenophon, one of the right-wing populists in the Senate, said his team of three senators would oppose it, at least in its current form. Several of the other 10 “cross-benchers” in the Senate also declared their opposition to the bill, effectively killing it off.

They included Bernardi, who said he had been prepared to back the welfare cuts, but objected to diverting the savings into the NDIS, which he branded “another big-spending government program.” His stance underscores the fact that behind his bid to tap into the intense disaffection with the government, by emulating US President Donald Trump’s xenophobia and anti-Muslim witchhunting, is a brutal agenda of gutting social spending.

These declarations left only one three-member Senate “crossbench” group willing to vote for the omnibus bill—Pauline Hanson’s anti-immigrant One Nation.

Hanson, who postures as an “anti-elite” political leader, said she would support the government’s efforts to “pull back” the welfare system.

However, in a transparent populist manoeuvre, Hanson threatened to vote against the bill unless the government reduced the recently-revealed \$5.6 million annual salary package of Australia Post chief executive Ahmed Fahour. As with Bernardi, Hanson’s enthusiasm for slashing welfare lays bare the anti-working-class character of her bid to copy Trump.

If implemented, the welfare, pension and family tax cuts would further devastate the lives of millions of people. After decades of pro-corporate restructuring enforced by successive Liberal-National and Labor governments, they confront soaring housing, electricity, healthcare, childcare and education costs, worsened by the relentless corporate and public sector destruction of full-time jobs. The loss of a job, or a reduction in hours, can tip many families over the edge.

Recent reports provided some indication of the immense financial hardship being experienced. A survey of 500 households in New South Wales by the Wesley Mission charity found 44 percent were in financial stress, up 7 percent from 2010, with 38 percent spending more than they earn. Nationally, household debt now makes up 187 percent of total disposable income, the highest level in the world.

The blockage in the Senate is part of an underlying political crisis that afflicts not just the Coalition government but the entire political establishment. Over the past decade, it has become increasingly difficult for any government to push through parliament the austerity measures demanded by the corporate elite, which are so antithetical to the interests and basic social rights of the majority of the population.

Turnbull called a double dissolution election last July 2 in an attempt to break through the parliamentary logjam produced by the opposition parties’ fear of social unrest. Instead the election reduced the government to a majority of one seat in the lower house and saw a record vote against the main establishment parties—the Coalition, Labor and the Greens—in the Senate.

Turnbull’s government now looks set to unravel, as has each of its predecessors since John Howard’s Coalition government suffered a near-record electoral rout in 2007. Compounding the turmoil is a worsening

economic crisis, with the collapse of the mining boom intensified by a sharp decline in corporate investment.

These pressures are being magnified by Trump’s presidency. Not only is his “America First” program of aggressive trade measures heightening the dangers of trade war and war. His proposed huge cuts to company taxes and social spending are driving the ruling class in every country to demand their governments match or outdo him—moves that will trigger convulsive social and class struggles.



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