Australian budget to slash welfare and education

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Despite intense public opposition to social spending cuts, Australia's Turnbull government is foreshadowing deep cuts—especially on welfare and education—in next week's federal budget.

The May 9 budget is being framed under the shadow of escalating dangers of war, driven by US aggression in Korea, the Middle East and Eastern Europe, and of the sweeping corporate and high-income tax cuts being pursued by the Trump administration and other governments internationally.

While targeting society's poorest layers, such as the unemployed, other welfare dependents and students, the Liberal-National Coalition is planning to spend billions of dollars more on the military. It is also proposing huge handouts to big business via company tax cuts and profit-related infrastructure projects. All these measures have the backing of the corporate media.

The expansion in military spending will be paid for through the slashing of essential social programs. Already, the government is committed to doubling the annual defence budget to around $60 billion by 2025-26, enabling the acquisition of new submarines, warships, planes and other weaponry, worth some $195 billion during that period.

Prime Minister Malcolm Turnbull boasted in March that his government was undertaking "massive" military spending and that US President Donald Trump was "very, very impressed." Any war provoked by Washington in Korea would involve Australia in the resulting conflagration. Last week, Turnbull also declared a readiness to expand the Australian contingent of US-led forces in Syria and Iraq, describing it as a "long-term" commitment.

In the lead-up to the budget, Turnbull's ministers have been vilifying welfare recipients. With nearly 800,000 jobless workers receiving poverty-line benefits—a product of the accelerating destruction of full-time jobs over the past decade—the government is accusing job seekers of "gaming the system" by attending compulsory welfare office appointments to avoid being cut off benefits, which amount to the contemptible sum of around $290 per week for a single adult.

Turnbull's government is already conducting an offensive against alleged "welfare cheats," falsely accusing thousands of people of receiving over-paid benefits and threatening them with debt collectors and imprisonment.

The latest accusations are no less spurious. They are based on data leaked to Rupert Murdoch's *Australian* to the effect that last year 7,006 job seekers—out of 759,000 people receiving the Newstart allowance—missed appointments at the government's Centrelink welfare agency, but still retained their payments by attending interviews before being cut off.

This allegation is being used to spearhead plans to target supposedly "capable" people who refuse to work. Employment Minister Michaelia Cash, who led the drive to cut after-hours wage rates for low-paid workers, declared the welfare system was being abused by those "who have no desire to work."

Welfare was simply funding "a lifestyle choice," she told the *Australian*, displaying the official contempt for those unable to find work. With nearly 20 jobless workers for every employment vacancy, the government and employers want to force the unemployed into ever-lower paying jobs on insecure, super-exploitative conditions.

Deputy Prime Minister Barnaby Joyce told young people last month to "get off your backsides" to find work, while Coalition members of parliament blackguarded "job snobs" who allegedly refused "employment opportunities." Last weekend, Treasurer Scott Morrison declared that workers who rejected a job offer for any reason "shouldn't be getting the dole."

Despite this escalating demonisation of welfare recipients, even the *Australian's* own Newspoll recently reported that Australians were overwhelmingly opposed to further welfare gutting, with 61 percent of those surveyed opposing cuts to the welfare sector in the budget.

Morrison and Education Minister Simon Birmingham have also foreshadowed tertiary student fee hikes of 7.5 percent, taking the cost of a four-year course up to $50,000. Moreover, students will have to start repaying their HECS fee debts once they earn just above the minimum wage—$42,000 a year, down from $51,957—and will be charged an extra loan fee at the start of their studies.

Public universities are expected to face annual 2.5 percent "efficiency dividends." The purpose of these is to claw back the 20 percent funding cut sought by the government's first budget in 2014, which was blocked in the Senate because of senators' fears of popular opposition to the measures. According to Birmingham, the cuts will total $2.8 billion over four years. This is on top of the $4 billion slashed from universities by successive Labor and Coalition governments since 2011.

In a bid to address the government's debt crisis, Morrison declared last week the budget would label social spending as responsible for "bad" government debt, while multi-billion dollar outlays for corporate-related infrastructure, such as freight rail lines, would be reclassified as "good debt."

In other words, spending on basic social programs, such as welfare, health and education, on which millions of working class people rely, will be branded as "bad," while satisfying the demands and boosting the profits of the corporations and financial institutions will be deemed "good."

The diversion of funds into infrastructure projects is a bid to offset the collapse of corporate investment since the mining boom began to implode in 2012. The investment strike, reflecting intensifying global competition for investment since the 2008 financial breakdown and the waning fortunes of Australian capitalism, portends further cuts to jobs and wage levels.

Corporate leaders are, however, warning the government not to employ the "good debt/bad debt" dichotomy as a means of evading the mounting deficit and debt crisis, instead of imposing even deeper cuts to social spending.

The *Australian Financial Review* cautioned on Saturday that the rising net federal government debt level could imperil the country's AAA credit rating. It cited reservations by the Moody's and S&P ratings agencies over the debt, which is already projected to grow to $363 billion by 2019-20, up from $153 billion in 2013 when the government took office.

These pressures have been intensified by the Trump administration's declaration last week of its intent to transfer trillions of dollars into the hands of the super-rich by abolishing the estate tax, cutting the corporate tax rate from 35 percent to 15 percent; and reducing the top income tax rate from 39.6 percent to 35 percent.

Turnbull and Morrison responded by indicating they would reintroduce legislation, recently blocked in the Senate, to reduce Australia's company tax rate from 30 percent to 25 percent for all businesses, not just those with turnovers of up to $50 million a year, as already accepted by the Senate.

Morrison said Australia's high corporate tax rate was a risk to investment and jobs. He highlighted the reduction of the British rate to 17 percent—the same level as that of Singapore—and French presidential candidate Emmanuel Macron's vow to lower France's rate to 25 percent.

Corporate leaders are demanding that the Turnbull government go even further. Outgoing Wesfarmers managing director Richard Goyder, the chairman-elect of Woodside Petroleum, said he viewed Trump's plan "very, very favourably" and that the government's proposed 25 percent rate would "really only put us in the game."