

Australian budget fallout deepens political crisis

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20 May 2017

Less than two weeks after the Turnbull government's 2017–18 budget was handed down on May 9, it is clear that the crisis of the government and the entire political establishment has only intensified.

Ludicrously presented by the government as “fair” and “balanced,” the budget has been damned by big business as a retreat from imposing its austerity agenda, and derided throughout the media for its unrealistic forecasts of economic growth that would supposedly eliminate the intractable budget deficit by 2020–21.

At the same time, the budget has been met with hostility throughout the working class, where millions of people face higher income taxes, steeper education fees, ongoing cuts to schools and health care, and another brutal assault on the unemployed and other welfare dependents. Even according to media polls, the government is headed for electoral oblivion.

Compounding the instability is the global uncertainty produced by the aggressive “America First” program of the Trump administration and the doubts about the future of that government, to which Prime Minister Malcolm Turnbull has tied his political fortunes. Just days before the budget, and before the crisis surrounding Trump erupted, Turnbull flew halfway around the world for a brief audience with Trump, pledging an unbreakable commitment to the US military alliance.

The budget was a politically-desperate attempt to satisfy the demands of the financial elite for stepped-up cuts to social spending in order to slash corporate taxes and boost profits—as well as Washington's requirements for higher levels of military spending.

At the same time, the Turnbull government sought to revive its popular support. It abandoned the most unpopular austerity measures of the 2014–15 budget, which had remained blocked in the Senate for three years because of the widespread hostility toward them. The budget included a levy on the five major banks, estimated

to raise some \$1.5 billion a year, so Turnbull can posture as placing some of the burden of returning to a surplus on the most profitable corporations.

The budget was the first since the government's near-defeat in last July's double dissolution election of both houses of parliament. The election provided a distorted picture of the seething social discontent and political disaffection. In the Senate ballot, a record 26 percent of votes were cast for parties and candidates posing as alternatives to the main establishment parties—Turnbull's Liberal-National Coalition, the Labor Party and the Greens.

The government clung to power with a precarious one-seat majority in the lower house and even fewer seats in the Senate than before the election—just 29 out of 76. It therefore needs the support of 10 of the 12 various right-wing populists in the Senate, and/or the Greens, to push through any budget measures that the Labor Party decides to oppose.

Eager to claw its way back into office, to once again serve the interests of the wealthy elite, Labor has said it will reject key budget proposals. That stance has been largely echoed by the Greens and the right-wing “crossbench” senators, all of whom fear electoral defeat if they help impose the government's proposals.

Turnbull has responded by making frequent media appearances to promote the alleged benefits of boosting military expenditure. In order to develop the war preparations of the Australian ruling elite and the Pentagon, the military budget will increase by 6.1 percent every year, at least until 2020–2021. About \$150.6 billion will be spent on the military over the next four years, at the expense of social spending.

Earlier this week, Turnbull visited dockyards in Adelaide to outline the government's \$89 billion naval shipbuilding plan, claiming it would secure thousands of skilled jobs in manufacturing, technology, software and

construction. He boasted it was “the largest investment in the defence capability of our Navy ever in peace time.”

Turnbull also staged a media conference at an air force base in Sydney to announce that US aerospace and military technology giant Northrop Grumman would be an “anchor tenant” of a “centre of excellence” at the proposed new western Sydney airport. He said the facility could service new war planes being bought from the US, “including for the joint strike fighter, the F 35 and the MQ 4 C Trident.”

None of this, however, has improved the government’s standing in the media polls. For millions of working people, the daily reality is an historic decline in real wage levels, soaring living costs and increasingly casualised and insecure employment (see: “Falling wages fuel social crisis in Australia”).

Nor has it satisfied the financial markets, which are insisting on far more brutal measures to decimate social spending. This week, the Wall Street credit ratings agency S&P demanded “more forceful fiscal policy decisions,” warning that Australia’s AAA credit rating was at risk.

Yesterday’s *Australian Financial Review* editorial again vented the frustration in ruling circles. It denounced the 0.06 percent levy imposed on the five major Australian-based banks, which was a transparent ploy by the government to put a “fairness” gloss on the budget. “It is an attempt to fix the government’s budget woes not through disciplined reform but with an arbitrary money grab under the cover of populist politics,” the editorial declared. “How did it come to this?”

The capitalist elite backed Turnbull, a multi-millionaire former merchant banker, when he ousted his predecessor Tony Abbott as Liberal Party leader in September 2015. Turnbull promised to provide the “economic leadership” required to inflict the social spending cuts and attacks on working conditions that Abbott had proved unable to deliver.

Increasingly, the conclusion is being drawn in the corporate and media boardrooms that Turnbull has failed as well, generating fractures throughout the parliamentary order.

There are open rifts within the government’s own ranks. That was highlighted on Thursday when Abbott, speaking from Israel, provocatively defended his government’s 2014–15 budget as the “gold standard” and branded the latest budget as “second-best.” Abbott denounced the Senate for obstructing the 2014–15 budget and reiterated his call for a constitutional amendment to reduce the Senate’s power.

Earlier this year, one of Abbott’s former protégés, Senator Cory Bernardi, split from the Liberal Party to launch the Australian Conservatives, adding another right-wing party to the political turmoil, alongside Senator Pauline Hanson’s anti-immigrant One Nation and Senator Nick Xenophon’s protectionist Nick Xenophon Team.

Divisions have also erupted in the Labor Party, whose polling results also remain at low levels. Former Deputy Prime Minister Anthony Albanese this week challenged Labor leader Bill Shorten’s response to the budget. In his budget-reply speech, Shorten, a right-wing ex-trade union boss, rebuffed an obvious plea by the government for a bipartisan front to push the budget through parliament.

Shorten denied claims the budget was “Labor lite” because it went part way to accepting Labor’s own cost-cutting schools, health care and disability funding plans. Acutely aware of the social unrest and fearing being further discredited along with the government, Shorten accused the government of giving “tax cuts to millionaires” while increasing the tax burden for low and middle income earners—even though he spearheaded similar measures while a Labor government minister.

By contrast, Albanese, who was the Labor “left” faction’s candidate for the party leadership against Shorten, after Labor’s landslide 2013 election defeat, told a Transport Workers Union meeting that the budget was an “overwhelming victory” for Labor and “the broader labour movement.” The government had decided to “embrace Labor values on some core issues.”

Albanese’s statements underscore the pro-business character of Labor’s “core values.” They were also a clear pitch to the ruling class for Labor to be returned to office as a more reliable political mechanism, in partnership with the trade unions, to implement the dictates of the money markets.

None of the contending factions has any difference with imposing the program of austerity, war and erosion of basic democratic rights. The working class, however, so far remains politically sidelined. It must intervene on the basis of a socialist program to resolve the economic, social and political crisis in its interests, not those of the wealthy elite.



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