

Australian government prepares budget and possible early election

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Riddled by in-fighting and facing intensifying domestic and international pressures, the Australian government is about to hand down a budget on May 8. It will feature income tax cuts and blatant electoral pork-barrelling that are clearly intended to lay the basis for an early election.

An election for the lower house and half the upper house can be called in July for as early as August 4. It would be the latest attempt by the political and corporate elite to install a government that can meet corporate demands for a far deeper assault on social spending and the working class, as well as prepare for potential trade wars and wars involving the US and China.

Over the past decade a series of ousted prime ministers and unstable governments, both Labor and Liberal-National, have each failed to last a full parliamentary term. One government after another has tried unsuccessfully to implement the full agenda demanded by big business, which includes the dismantling of the post-World War II welfare system.

The impasse is the result of deepening popular hostility toward big business and the political establishment, as well as rifts produced by the mounting US-led confrontation against China, Australian capitalism's largest export market.

Constitutionally, the current Liberal-National Coalition government could delay an election until May next year. But it has been beset by repeated crises since it barely survived, with a one-seat majority, the last snap election it called in July 2016 to attempt to break through the impasse. Its turmoil included February's removal of deputy prime minister and National Party leader Barnaby Joyce over sexual misconduct allegations.

This month, the 30th consecutive Murdoch media

Newspoll showed Prime Minister Malcolm Turnbull heading for election defeat. This triggered open jostling by key cabinet ministers, including Treasurer Scott Morrison and Home Affairs Minister Peter Dutton, to replace him in the event of his defeat or resignation.

Ahead of the budget, Turnbull is currently travelling around the country unveiling billions of dollars in spending on various long-outstanding infrastructure projects, in a naked pitch to hold onto parliamentary seats.

So far, what the *Australian Financial Review* labelled the prime minister's "splurge," has featured transport and health projects in Western Australia, an airport rail link in Melbourne and even a "rescue package" for Queensland's Great Barrier Reef, parts of which are dead or dying due to climate change, pesticide and fertiliser runoff from agriculture and other factors.

Delivering a pre-budget speech in Sydney on Thursday, Treasurer Morrison confirmed that the budget will promise gradual income tax cuts, supposedly to assist "middle to low income earners" deal with mounting financial pressures.

While claiming, as always, that economic conditions are improving, Morrison professed to be concerned that "many Australians have been doing it tough and many are yet to experience the benefits of the growth I have spoken of today."

In reality, working-class living standards have been declining since the 2008 global financial breakdown and the subsequent collapse of the mining boom. While the incomes and wealth of the country's billionaires have soared, average real wages have fallen for seven years, households have plunged deeper into mortgage and other debt, and social services have been slashed.

Morrison also announced yet another electorally-driven backflip. The government has dropped a 2017

budget measure to increase the Medicare Levy to raise \$8.2 billion over three years to finance the National Disability Insurance Scheme (NDIS).

Without providing any details, the treasurer claimed that a stronger economy had delivered an income and company tax windfall that would entirely cover the cost of the NDIS.

At the same time, Morrison reiterated the government's pledge to the financial markets to eliminate the multi-billion dollar budget deficit by 2020-21, as well as to deliver a \$65 billion to \$80 billion package of company tax cuts for big business. This is despite the widespread anger and disgust over the illegal fee-gouging and other financial abuses by the major banks and finance houses—which would reap much of the tax cut benefits—that are being revealed daily at a royal commission into the finance industry.

Morrison's announcement also threw renewed doubt over the future funding of the NDIS, amid demands in the corporate media that the scheme exclude coverage of thousands of vulnerable people, including children with mental health, autism or intellectual disability needs. Yesterday's editorial in Murdoch's *Australian* branded the NDIS a "runaway train" that was "out of control."

Moreover, much of the so-called budget boost has come from cutting people off welfare, or denying them benefits, pushing them into poverty and insecure low-wage work. There has been a 63 percent drop in successful claims for the Disability Support Pension since 2010, when the last Labor government, headed by Julie Gillard, imposed harsher eligibility tests.

With the latest announcements, the government has switched its economic and political story. Only a few months ago, the government cut another \$2.2 billion from tertiary education in its mid-year economic update, along with further attacks on welfare recipients, students, aged pensioners and the disabled, while maintaining previously announced massive increases in military spending.

While a rise in commodity prices, particularly for iron ore—Australia's largest export—had resulted in higher company tax payments, this was cancelled out by lower income tax receipts because of slow wages growth, which remains well below the rising living costs.

There will be an intensified drive by the financial

ruling elite and any government formed after an election, whether led by the Coalition or Labor, to make the working class pay for the worsening spiral of global capitalism into trade war and military conflict.

Yesterday's *Australian Financial Review* editorial, while enthusiastically backing the abandonment of the increase in the Medicare levy, declared that "less spending" was the only way forward for Australian governments. Speaking on behalf of the corporate wealthy, it railed against an "explosion" of spending on the NDIS and education, and warned of dire global conditions ahead.

"US policy is at odds with itself, with tax stimulus that could force up deficits, the US dollar, and interest rates in the teeth of Donald Trump's determination to wage trade war abroad," the editorial stated. "Even if growth stays on even keel, the shock of global interest rates resetting to normal is still to come. Preparing Australia for these disruptions should be a public priority. Instead we seem to be drifting to a rising European-style perma-debt burden that is never really dealt with."

In other words, for all the Turnbull government's claims of producing "jobs and growth," Australian capitalism is particularly exposed to the intensifying global economic and geo-strategic conflicts. The editorial's demand for the gutting of health, education and other social programs amounts to a blunt message to an incoming government that it must step up the assault on working-class living conditions.



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