

Australian government announces early budget

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After his Liberal-National Coalition suffered a heavy defeat in last Saturday's election in the state of Victoria, Prime Minister Scott Morrison yesterday brought forward the planned date for the 2019 federal budget by a month to April 2.

This is a desperate bid by Morrison to hold onto office until May, the latest possible date for the next election, as his Liberal-National Coalition government tears itself apart in a factional civil war.

Following the Victorian electoral debacle, the Coalition's most right-wing elements are intensifying their push to transform it into a Trump-style, far-right movement. They are provoking a deepening rift with the self-titled "fiscally conservative, socially progressive" supporters of ex-Prime Minister Malcolm Turnbull, who was ousted by the right wing in an inner-party coup on August 24.

During the weekend, two prominent right-wing figures made public a potential split. Former military general Senator Jim Molan pulled out of a television appearance, declaring he could not "bring myself to defend" the Liberal Party after being relegated to an unwinnable position on its Senate ticket for the next election. Lower house MP, Craig Kelly, who backed Turnbull's removal, threatened to stand as an independent if he were defeated in a Liberal Party pre-selection ballot.

Former Prime Minister Tony Abbott publicly aligned himself with Molan, saying he was "nauseated" by the Liberal Party's treatment of the ex-general. Another Abbott supporter said Molan's demotion was "suicidal" for the Coalition.

The schisms are widening. Supporters of Home Affairs Minister Peter Dutton, who triggered Turnbull's ouster before losing the subsequent party leadership ballot to Morrison, are openly agitating against the "progressives," some of whom publicly blamed the knifing of Turnbull for the Victorian election debacle.

Even as Morrison announced the early budget, a Turnbull supporter, Julie Banks, told parliament she would sit as an independent for the rest of the parliamentary term. "The Liberal Party has changed, largely due to the actions of the reactionary and regressive right wing," she stated.

Banks said she would support the government on votes of no-confidence and financial supply, but Morrison's government now holds just 72 of the 150 votes in the House of Representatives, with Speaker Tony Smith, a Coalition member, making that 73 in the event of a tied vote.

The government lost its majority last month when a pro-Turnbull independent won a by-election for Turnbull's former Sydney electorate. Its loss of control over parliament was illustrated on Monday when it voted for a resolution to establish an anti-corruption body rather than be defeated on the floor of the lower house.

The public feuding has reached the Coalition's highest echelons. Cabinet Minister Kelly O'Dwyer told colleagues on Monday the Liberals are regarded as "homophobic, anti-women, climate-change deniers" thanks to the "ideological warriors" who hijacked the party's positions on social issues. Former Foreign Minister Julie Bishop, who quit that post when Turnbull was axed, demanded that the government strike a deal with the Labor Party to revive the Turnbull government's proposed National Energy Guarantee, which business leaders are backing in order to provide incentives for investors in renewable energy projects.

Labor, which has 69 MPs, could bring the government down if it gained the support of seven of the eight so-called "crossbench" MPs. They now number four independents, a dissident member of the National Party, one from the Greens, one from Bob Katter's protectionist, anti-immigrant party and one from the pro-business Centre Alliance.

Labor, however, is intent on holding the government together, rather than take office amid widespread public discontent. In fact, it is working closely with the Coalition in a bipartisan partnership to ram four far-reaching pieces of anti-democratic legislation through parliament in the last brief two-week parliamentary session for 2018.

Significantly, these laws will allow the government to call out the military to put down domestic unrest, crack open encryption codes, fast-track a new “foreign interference” register and strip citizenship from anyone convicted of even a minor terrorism-related offence.

These bills are part of a barrage of measures in preparation to suppress mounting public hostility to the entire political establishment under deteriorating social conditions and the growing danger of frontline Australian involvement in a catastrophic US war against China or Russia.

Because of the chaos and division in the government, elements within the corporate ruling class are moving to back a Labor-led government to stabilise capitalist rule and impose deeper cuts to social spending and living standards.

Monday’s *Australian Financial Review* editorial warned: “The parties of the Coalition may be on the verge of being pulled apart by the increasing polarisation of Australian politics.” The Liberal Party was “dissolving into a group of warring ideological sects and ambition-driven factions.”

Tuesday’s editorial in the *Australian* denounced the government’s “disunity and self-obsession” and noted that Labor’s policies had the advantage of “clarity.” This reflects the views of the newspaper’s proprietor, Rupert Murdoch, who called for Turnbull’s removal, regardless of whether it meant Labor regaining office.

Two inter-connected driving forces are breaking apart the Coalition and the parliamentary order itself. One is the Trump administration’s aggressive trade war and military confrontation with China—Australian capitalism’s largest export market. Combined with a gathering downturn in Australia’s highly-inflated housing market, this could trigger a sharp economic reversal.

An economic collapse could fuel an explosive movement in the working class against years of falling real wages, destruction of permanent jobs, cuts to social programs and deteriorating public infrastructure. The elements around Abbott, Dutton and Molan are seeking to either refashion the Coalition, or form a new far-right movement, based in reactionary nationalism and anti-immigrant xenophobia, backed by repressive police-state

powers, to be directed against the working class.

Morrison claimed his government would produce a “surplus” budget next April, for the first time since the 2008 global financial breakdown, but would not say which year would be in surplus. Deloitte Access Economics forecasts a \$5 billion deficit for 2018-19. But all these calculations are premised on a continuation of an uptick in export commodity prices, which could reverse rapidly if the US-China conflict intensifies.

“The current global growth cycle may be peaking. Geopolitics have become unstable, and the dangers from that are quite unpredictable,” the *Australian Financial Review* warned yesterday. The financial elite’s mouthpiece doubted the government’s capacity to enforce austerity measures. “But does the Morrison government have the guile to sell this message of budget prudence in a volatile political atmosphere?” it asked.

Divisions in the Coalition are also being fuelled by Washington’s demand for Australia to line up unconditionally behind its aggressive plans to prevent China from challenging the post-World War II hegemony of the US in the Indo-Pacific region. Morrison and his right-wing backers are intent on enforcing that commitment, whereas Turnbull and his supporters, while totally loyal to the US alliance, were hoping to convince Washington to make some accommodation to China’s rise.

As for the Labor Party, its last government signed up in 2011 to the US military, strategic and economic “pivot” to the region to combat China, and it is totally aligned with Washington, along with the military and intelligence apparatus and most of the corporate ruling class.



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