Australian budget: A bonanza for business at workers' expense

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Billions more dollars will be poured into the pockets of the corporate elite and high-income recipients as a result of last night's pandemic-delayed Australian federal budget for 2020-21. And the price is already being paid by the millions of workers thrown out of jobs in the worst economic breakdown since the 1930s Great Depression.

With the support of the opposition Labor Party, the Liberal-National Coalition government has seized on the COVID-19 disaster to accelerate the vast transfer of wealth to the rich that has been imposed over the past four decades.

The bipartisan backing for this budget is a turning point in the restructuring of economic and social life in the interests of a tiny super-rich layer.

Never before has a budget been so blatant in enriching the wealthy. In the enthusiastic words of the *Australian Financial Review's* Chanticleer column, the "tsunami of money headed for the corporate sector over the next few years" is "absolutely staggering."

While the share market is rejoicing, every cent of this "massive cash flow injection for listed [share market] companies" will be extracted from the working class via the decimation of social spending and the forcing of workers, especially the young, into low-wage employment on insecure conditions.

Backed by Labor's immediate pledges to vote for its measures, the government plans to ram an "Omnibus" bill through both houses of parliament within days, before there can be any public scrutiny of the budget's extraordinary features.

Another $50 billion in tax cuts, wage subsidies and incentives will be pumped into the hands of big business and wealthy individuals. This is on top of the more than $400 billion handed to them by the federal and state governments since March by way of subsidies, "stimulus packages" and low-cost central bank financed loans.

There is nothing to address the catastrophic conditions laid bare by the pandemic—especially the chronic under-funding of public hospitals and aged care homes, and the lack of social and affordable housing. Nominal increases in mental health and home care packages are disastrously short of what is required.

JobKeeper wage subsidies and JobSeeker dole payments will continue to be slashed and about two million laid-off casual workers, visa holders and international students will still be denied any relief.

Even by the budget's falsely inflated forecasts of a dramatic economic "recovery" by next year, about two million workers will remain unemployed or under-employed for years to come, and real wages will fall.

This is a deliberate program to bludgeon workers into cheap labour employment and unsafe conditions, even as the same "back to work" drive by business and governments internationally is producing a global resurgence of COIVID-19 infections and deaths.

For all the efforts of the government and the ruling class to promote a false sense of public hope, however, this budget's calculations will be shredded by the worsening worldwide pandemic, the intensifying political crisis in the US—the global capitalist headquarters—and rising geo-strategic conflicts, particularly Washington's aggression towards China.

To drum up business "confidence," the entire budget is based on irresponsible and profit-driven assumptions, such as that a COVID-19 vaccine will be available from January. This flies in the face of medical advice. Assumed also is that practically every pandemic safety restriction and internal border control will be lifted by Christmas, and all coronavirus outbreaks will be successfully suppressed.

These predictions are even more unreliable than those in the government's mid-year economic update, which was blown out of the water by the deadly second wave of COVID-19 in Victoria, the second most populous state.

Equally false is the claim that the cash handed to business and the wealthy will be used to spend and create jobs.

Under the slogan of "jobs, jobs, jobs," employers will be offered a total of $4 billion to hire unemployed workers aged up to 35. Businesses will receive a weekly subsidy of up to $200 to pay half of what will be the minimum wage, and will need to only employ recipients for 20 hours a week.

Likewise, the unprecedented handouts to big business will create no real new jobs. The corporate boards will only take the cash to boost profits, dividends and executive bonuses. At a cost of $26.7 billion over just two years, an investment allowance will enable almost every company to immediately write off in full any eligible depreciable asset, with no limit on value.

Treasurer Josh Frydenberg told parliament the plan is “the largest set of investment incentives any Australian government has ever provided.” The lion’s share will go to large companies, because many family and other small businesses are in dire straits, unable to afford such spending.

The budget also included $4.9 billion in loss carry-back provisions to enable the same businesses—those with turnovers of up to $5 billion—to write off any losses incurred until June 2022 against profits made since 2018-19.

In addition, there was a $10 billion increase in the existing $100 billion plan to provide business-related infrastructure.

To try to stimulate consumption, and hence corporate profits, the government’s “stage 2” income tax cuts have been brought forward by two years and backdated to July 1 this year. As a result, individuals on more than $90,000 a year—nearly double the median wage—will get up to $2,745 a year, or about $50 a week, compared to 2017-18. But those on $40,000 will receive less than half that—$1,060, or some $20 a week.

Stage 3 of the plan, which will introduce a virtual flat tax system, with a 30 percent tax bracket between $45,000 and $200,000, remains on schedule for July 2024. That will see the benefit to a dual-income household on $400,000 soar to $23,280 annually.

For all the hype about a “business-led recovery,” the budget papers reveal a darker reality. They warn of a collapse in business investment, which is expected to decline by another 9.5 percent in the year to June 2021.

Because of falling revenues, as well as the corporate handout, the budget deficit for this financial year is forecast to hit $213.7 billion—more than four times the record reached following the 2008 global financial breakdown.

Despite the talk of a sudden economic growth spurt of nearly 5 percent in 2021-22, such deficits are forecast to last for a decade. Gross debt will hit $1.8 trillion by 2030-31—all of which every government will seek to claw back by deeper social spending cuts.

Net overseas migration will plunge from around 154,000 last year to around minus 72,000 in 2020-21, eliminating the main source of Australian capitalism’s economic growth since World War II.

Wage growth of just 1.5 percent is expected by the end of next financial year, which is a real wage cut because the consumer price index is forecast to rise by 1.75 percent over the same period.

To add insult to injury, aged pensioners and other welfare recipients will receive two paltry payments of $250 each by March, on the expectation that their poverty will compel them to spend the money quickly.

Cuts to public universities, the public broadcasting services of the ABC and SBS and cultural programs will intensify as well, in a bid to deaden public consciousness.

In anticipation of war, and to keep pledges made to the Trump administration, the military budget will rise to nearly 2.4 percent of gross domestic product within four years. A billion dollars in spending will be brought forward as part of a $270 billion decade-long plan, announced in July, to arm the military with “more lethal and long-range capabilities” in the words of Defence Minister Linda Reynolds.

To deal with rising political and social discontent, the police and intelligence agencies will receive an extra $450 million, and additional funding will see a total of $1.7 billion spent on “cyber security” surveillance.

Nevertheless, the largesse shovelled toward big business has not satisfied the appetites of the financial aristocracy. Today’s *Australian Financial Review* editorial criticised Prime Minister Scott Morrison’s government for not “using the shock of this recession to drive fundamental change to improve and reform economic performance.”

Significantly, the editorial unfavourably compared the Coalition government to the trade union-backed Labor governments of Hawke and Keating. “The recession of the early 1980s paved the way for the Hawke government’s real wage cuts to make Australia competitive” and “the recession of the early 1990s was followed up with Paul Keating’s domestic competition reform, the productivity-driven enterprise bargaining system and the budget consolidation.”

This must be another warning against any illusions in Labor and the unions. A Labor government would only intensify the pro-business restructuring. The only answer to this historic offensive lies in the turn to the socialist perspective fought for internationally by the Socialist Equality Parties.