

# Bipartisan backing for Australian government's war commitments and rejigged tax plan

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When the Australian federal parliament resumed for the year on Tuesday, two developments stood out, underlining the ever-closer alignment within the political establishment behind the bipartisan program of war and austerity.

There is a nervous closing of the ranks in the face of intensifying discontent among workers and youth over both the Israeli genocide in Gaza and the worsening cost-of-living crisis.

Since the parliament last met, Prime Minister Anthony Albanese and his ministers have dispatched military personnel to participate in the repeated US-UK strikes on the Houthis in Yemen. The Houthis have vowed to disrupt Israeli-linked shipping in the Red Sea until the Gaza genocide ceases.

Last weekend, Albanese went further. He declared his government's support for Washington's bombings of sites in Syria and Iraq allegedly linked to Iranian-aligned militia. These ongoing strikes are aimed at goading the Iranian regime into a full-scale war by which the US would seek to establish unchallenged hegemony over the region.

Labor's Middle East decisions have been taken behind the backs of the population, without even any pretence of first securing parliamentary approval for what amount to war-making moves.

On Wednesday, Labor and the Liberal-National Coalition joined hands to vote down a House of Representatives motion calling for an end to Israel's invasion of Gaza and Australia's support for it.

Labor and Coalition MPs made short shrift of the motion, dismissing it after a handful of their senior representatives have repeated the lines used to justify the genocide, including "Israel's right to defend itself" and lurid assertions of Hamas criminality. Nothing was said about Australia's backing for the broader US war drive.

The response revealed the sham of claims by the Greens, who introduced the motion, that the government and parliament can be pressured to end their support for the Israeli onslaught. The government will not even engage in a proper parliamentary discussion.

The same fear in ruling circles of opening up any public discussion was shown in the second development—the Liberal-

National Coalition's about-face to vote for the government's revamping of the "Stage Three" income tax cuts, to which both Labor and the Coalition had been committed since they were legislated in 2018.

When the Labor government first unveiled its rejigging of the tax package last month, Coalition opposition leader Peter Dutton initially denounced it as a betrayal of Labor's 2022 election promise to retain the full Stage Three cuts. Dutton demanded that Albanese call an early election on the government's backflip.

By the time parliament reassembled on Tuesday after the summer break, Dutton had reversed course, agreeing to give the government the votes it needs to pass the package through both houses of parliament.

Taken together with Labor's sudden tax switch, this is an anxious bid by the political servants of big business to head off working-class unrest over the soaring cost of living, including rents and mortgage payments, which is causing widespread financial stress.

Like Albanese, Dutton claimed the Coalition decided to back the restructured tax package "to support those families who need help now." This is a sham. The slight tax cuts for working-class people will do nothing to provide any respite.

Low-wage workers on \$40,000 a year, who were to receive nothing in the original plan legislated with Labor's support in 2018, have now been promised a \$654 tax cut. That is just \$12.50 a week, or less than \$2 a day. Workers on up to \$140,000 a year, about twice the median wage, will be up to \$804 better off. That is only \$15.50 a week—just over \$2 a day.

That will not even make up for the Labor government last year scrapping the previous Coalition government's low- and middle-income tax offset, which provided lump sum payments of up to \$1,080 after taxpayers filed their annual tax return.

There is no relief at all for 3.3 million households living below the tax-free threshold of \$18,200 a year or depending on poverty-level pensions or welfare payments.

An Australian Council of Social Service (ACOSS) survey in September of people relying on government income support reported that 73 percent were eating less or skipping meals,

while 64 percent were cutting back on meat, fresh fruit, vegetables and other fresh items, and 60 percent experienced difficulty affording the medicine or medical care they needed.

By contrast, the most affluent 3.6 percent of the population, those on \$200,000 or more per year, will still get more than \$7,000 a year, or about \$135 a week, as a result of the combined effects of the three stages of tax “reform” implemented since 2018.

The Coalition’s reversal is also based on this reality that Labor’s tax package still delivers a huge handout to the wealthiest layers of society, while offering a pittance to the millions of working-class households being devastated by the global inflationary spiral.

At a press conference, Dutton said “elements of stage three” had “become redundant” because some of Labor’s changes had also benefited high income earners.

This windfall for the rich is on top of the more than \$400 billion in tax concessions, subsidies and cheap credit allocated to employers by the federal, state and territory governments during the first period of the COVID-19 pandemic—many times more than the bailouts during the 2008–09 global financial crisis.

As a result, the social and class divide will widen further. Last month, in a statement issued alongside the release of its “Inequality Inc.,” report, Oxfam estimated that the wealth of the three richest Australian residents had more than doubled since 2020, increasing at a rate of \$1.5 million per hour. The total wealth of the country’s 47 billionaires grew by 70.5 percent (\$120 billion) over the same period.

Moreover, the \$359 billion in reduced income taxes over the next decade will mean deeper cuts to public health, education and other social spending. Essential social services will also be hit as hundreds of billions are to be spent on the AUKUS alliance and other military in preparation for a US-led war against China.

Not surprisingly, the so-called “teal” independent members of parliament, whose seats cover some of the country’s most affluent suburbs, also declared their support for Labor’s plan.

One of calculations in ruling circles was to avoid the government having to negotiate a deal with the Greens and other Senate members to pass the tax legislation. The Greens had postured as critics of the package, proposing amendments to increase JobSeeker unemployment benefits, lift the tax-free threshold from \$18,200 and reduce the handouts to high-income recipients.

A February 6 editorial in the Murdoch media’s *Australian* told Dutton to “think carefully and avoid giving the Greens any opportunity to grandstand.” The real concern was not the Greens but the prospect that their suggested tinkering with the legislation could open the door to the development of working-class opposition.

True to form, as a capitalist party, the Greens have accommodated themselves to the bipartisan shift, stating that

they will not stand in the way of the legislation once their amendments are predictably rejected.

The real anxiety in the corridors of power is that the Albanese government is losing its capacity to contain working-class discontent. As soon as the Coalition said it would vote for the tax bill, a media campaign began to shore up the government.

The *Australian*’s national editor Dennis Shanahan even hailed Albanese as “a larger-than-life leadership persona” who had “regained the political initiative.” The prime minister was “no longer the leader drained of energy because of the catastrophic failure of the Indigenous Voice to parliament referendum.”

In December, media polls showed an implosion in Labor’s support since the overwhelming defeat of its Voice plan. The October 14 constitutional referendum became a vehicle for workers and youth to express their opposition to the government’s pro-business and pro-war agenda, as well as their scepticism that establishing an elite indigenous Voice in Canberra would rectify the appalling conditions facing most ordinary Aboriginal people.

In the immediate term, Labor could lose a March 2 by-election in the southeastern suburban Melbourne electorate of Dunkley. That would reduce Labor’s House of Representatives majority to one, raising the risk of a minority government after, or even before, the next federal election.

Even more, the Labor leaders and their partners in the trade union apparatus fear rising struggles, including strikes, by workers under conditions in which the union bosses are having increasing difficulty in stifling unrest.

The truth is that Labor governments began the decades-long rewarding of the financial elite at the expense of the working class. The Hawke and Keating Labor governments of 1983 to 1996 slashed the top income tax rate from 60 percent to 49 percent, and the company tax rate from 49 to 33 percent.

This is a global offensive. Capitalist governments around the world are competing to satisfy the financial markets and attract investment by slashing high-income and corporate taxes, while spending billions on their militaries and eroding essential social programs.



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