

# Australia's budget: more of the same

by Don Veitch

The recently released 1992-93 budget for Australia is a defeatist document. It accepts 11% unemployment, does nothing to arrest the decline of infrastructure and investment in the physical economy, and accepts the British school of economics being peddled by the International Monetary Fund (IMF): the need for free market rules, international competitiveness, and "sustainable growth." Treasurer John Dawkins, when presenting the budget, even referred to the need to be aware of "climate changes" and their impact on the economy. There is no future for Australia with this brand of economic theory and practice.

Despite Dawkins's claims to create 800,000 jobs, the budget includes no discretionary spending. The economic measures are meant to minimize the political fallout from what former treasurer and now Prime Minister Paul Keating called "the recession we had to have." It is a grab bag of temporary and shortsighted adjustments all timed to favorably affect the next election (possibly March-April 1993): phony labor "training" schemes, increased pensions, drought relief, and jobs at local council level. None of these measures offers the hope of recovery or development.

Revenue measures include a 20% tax on cigarettes and a slightly higher Medicare levy. The deficit will increase from \$9 billion to \$14 billion, largely due to a collapse in revenue. None of the measures attempts to confront the nation's problems—decaying infrastructure, land degradation, private sector disinvestment, a \$180 billion foreign debt, and 11% unemployment. It is "free market" policies which gave Australia its problems, yet more of the same is being offered by the Labor Party government and the Liberal Party opposition. The Fabian traditions of Labor and the Anglophile outlook of the Liberals have converged to make the programs of these two parties barely distinguishable. They are incapable now of devising imaginative and worthwhile programs to save the nation.

## CEC offers real alternative

The only credible alternative program has been offered by the third force in Australian politics, the Citizens Electoral Councils. Their "Sovereign Australia" program, developed in 1990, calls for a massive new infrastructure outlay program to bring Australia back from inevitable economic collapse. What Australia requires in the 1990s is infrastructure investment, encouragement of agro-industrial development, and a renewed emphasis on science, technology, and

quality education.

Far from rebuilding Australia's infrastructure, this budget accentuates its decline. The capital works program is largely illusory. Much so-called investment will be replacement of older assets, refurbishing of old buildings, clearing gutters, "rock painting," and tree planting. Over \$187 million will be spent on a new office building for the Foreign Affairs department in Canberra.

Some \$2 billion is to be raised by the selling of infrastructure at bargain prices. Planned sales are the Commonwealth Serum Laboratories, which is researching plasma, vaccines, and antibiotics; the Snowy Mountains Engineering Corp., which could build power and water projects in Asia and Africa; and Qantos, the nation's shipping line. Loss of these bodies will emasculate Australia's ability to rebuild and contribute to the region. The \$2 billion raised is a short-term windfall and a long-term disaster. Already, Labor governments have sold government banks which historically have provided funds for infrastructure and housing. The federal government consequently has a \$46 billion debt to private banks and other money lenders.

The agro-industrial base has declined dramatically in the last 10 years and business leaders have criticized this budget as one of lost opportunities. Business has been disinvesting for three years. In 1991-92, private investment fell by 14%. Business predicts a further 4% fall in 1992-93. Despite this, there are no incentives such as tax holidays, depreciation acceleration, or finance support. Business has claimed that a restructuring of R&D will undermine projects and that business will have increased burdens under this budget, which, in the final analysis, is an attack on the nation's physical economy.

Research and development funds will be harder to get and funded research agents such as CSIRO and the Australian Nuclear Science and Technology Organization will wither through neglect. Young Australians unable to find jobs will be forced to undertake farcical and useless "retraining" schemes. Retraining for what? These economic policies will destroy future worthwhile jobs.

It is likely that Labor will lose the next election, but there will be no revision of policies, for waiting to take over as the next prime minister is former IMF executive Dr. John Hewson. In his budget reply, Hewson lauded the free market, individual greed, and the taxation system of the British Crown Colony of Hong Kong, and opposed any government intervention. This former professor of economics has bragged that he became a free-marketeer because his computer model "proved" that the free market system achieved the best results. His advisers have confided that Hewson knows nothing of history and cares little for national sovereignty. He will most likely be the next prime minister of Australia, and his major policy initiatives will be to impose a 15% sales tax, eliminate *all* tariffs by the year 2000, and totally deregulate the labor market, i.e., eliminate trade unions.